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SURVEY of Current Affairs

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NOTE

The term 'Britain' is used informally in the *Survey of Current Affairs* to mean the United Kingdom of Great Britain and Northern Ireland. 'Great Britain' comprises England, Wales and Scotland.

The Civil List

The amounts payable to members of the royal family under the Civil Lists Acts to finance expenditure incurred in carrying out their official duties in 1990 were announced in March.

The proposed sums were announced by the Chancellor of the Exchequer, Mr John Major, on 20 March (*Hansard*, Vol 169, No 75, written answers, col 526). The amounts (compared with those for 1989) are as follows.

£

	1989	1990
The Queen's Civil List	4,658,000	5,090,000
Queen Elizabeth, the Queen Mother	404,000	439,500
The Duke of Edinburgh	225,300	245,000
The Duke of York	155,400	169,000
Prince Edward	20,000	20,000
The Princess Royal	140,400	154,500
Princess Margaret	136,700	148,500
Princess Alice, Duchess of Gloucester	55,400	60,500
The Duke of Gloucester	110,000	119,500
The Duke of Kent	148,500	161,500
Princess Alexandra, Hon Lady Ogilvy	141,600	154,000
Total	6,195,300	6,762,000
Refunded by the Queen	400,100	435,000
	5,795,200	6,327,000

The sum refunded by the Queen to the Consolidated Fund is equivalent to the payments to the Duke of Gloucester, the Duke of Kent and Princess Alexandra.

No special provision is made for the Prince of Wales, who is entitled to net revenues from the Duchy of Cornwall, although he surrenders a quarter of these to the Exchequer.

The Royal Succession

The order of succession to the throne has been changed by the birth of the Queen's sixth grandchild.

A second daughter was born to the Duke and Duchess of York on 23 March. The child is to be named Eugenie Victoria Helena and will be known as Princess Eugenie of York. She will be sixth in line of succession to the throne, being preceded by her uncle, the Prince of Wales and his two sons, Prince William of Wales and Prince Henry of Wales, and by her father and her sister, Princess Beatrice of York. She immediately precedes her uncle, Prince Edward, and her aunt, the Princess Royal and her children.

By-election and State of the Parties

Details of the results of a recent parliamentary by-election and the present state of the parties in the House of Commons are given below.

The Labour Party gained the seat at Mid Staffordshire in a parliamentary by-election on 22 March. The seat became vacant following the death in December 1989 of the Conservative MP, Mr John Heddle. The Labour candidate, Mrs Sylvia Heal, won by a majority of 9,449 votes. The result was as follows:

S. Heal (Labour)	27,649
C. Prior (Conservative)	18,200
T. Jones (Liberal Democrats)[1]	6,315
I. Wood (Social Democratic)	1,422
R. Saunders (Official Green)	1,215

Nine other candidates between them received a total of 1,558 votes; all lost their deposits, as did the Social Democratic and the Official Green candidates. Votes were cast by 77·5 per cent of the electorate.

At the general election in June 1987, the seat was held by the Conservative Party, with Mr Heddle polling 28,644 votes, followed by the Labour candidate

[1]Also known as the Social and Liberal Democrats.

with 13,990 votes, and the Liberal-Alliance candidate with 13,114 votes. Votes were cast by 79·4 per cent of the electorate.

State of the Parties

Following the by-election, the state of the parties in the House of Commons is now as follows:

Conservative	372
Labour	226
Liberal Democrats	19
Social Democratic	3
Labour – Independent[1]	1
Scottish National	4
Plaid Cymru (Welsh Nationalist)	3
Ulster Unionist (Northern Ireland)	8
Democratic Unionist (Northern Ireland)	3
Social Democratic and Labour (Northern Ireland)	3
Ulster Popular Unionist (Northern Ireland)	1
Sinn Fein (Northern Ireland)	1
Vacant seats (Upper Bann, Bootle)	2
TOTAL	646

The four remaining seats are held by the Speaker of the House of Commons and his three deputies (the Chairman of Ways and Means and the first and second Deputy Chairmen of Ways and Means), who do not vote except in their official capacity in the event of a tie. The government majority over all the other parties is 100, although the Sinn Fein MP has not taken his seat.

Recent Legislation

The public Acts of Parliament passed since December 1989 are listed below.

Capital Allowances Act 1990. Consolidates certain enactments relating to capital allowances. Royal Assent: 19.3.90. Ch 1. HMSO, £11·60. ISBN 0 10 540190 0.

Civil Aviation Authority (Borrowing Powers) Act 1990. Increases the amount that the Civil Aviation Authority can borrow, from £200 million to £500 million, and allows the Secretary of State for Transport to agree further increases in the limit, up to a maximum of £750 million. Royal Assent: 19.3.90. Ch 2. HMSO, 50p. ISBN 0 10 540290 7.

Coal Industry Act 1990 (see pp 471-2, 1989). Royal Assent: 19.3.90. Ch 3. HMSO, 90p. ISBN 0 10 540390 3.

Consolidated Fund Act 1990. Gives parliamentary authority for sums to be issued out of the Consolidated Fund to meet the Government's expenditure requirements. Royal Assent: 28.3.90. Ch 4. HMSO, 50p. ISBN 0 10 540490 X.

[1]The Labour MP for Dunfermline West, Mr Dick Douglas, resigned from the Labour Party to sit in the House of Commons as an independent Labour member.

Consolidated Fund (No. 2) Act 1989. Gives parliamentary authority for sums to be issued out of the Consolidated Fund to meet the Government's expenditure requirements. Royal Assent: 21.12.89. Ch 46. HMSO, 50p. ISBN 0 10 544689 0.

Criminal Justice (International Co-operation) Act 1990 (see pp 112 and 129). Royal Assent: 5.4.90. Ch 5. HMSO, £4·50. ISBN 0 10 540590 6.

Forthcoming Ministerial Resignation and Appointment

The appointment of Mr David Hunt, MBE, MP, to succeed the Rt Hon Peter Walker, MBE, MP, as Secretary of State for Wales was announced on 14 March.

Following Mr Walker's statement on 4 March that he would not be contesting the next general election, the Prime Minister asked him to stay on as Secretary of State for Wales until a suitable opportunity arose to appoint a successor. Mr Hunt has been named as the next Secretary of State for Wales, and the Prime Minister proposes that the transfer of responsibilities should take place before the parliamentary adjournment at the end of May. Mr Hunt has been Minister of State at the Department of the Environment since July 1989. As Minister for Local Government and Inner Cities he has been responsible for the introduction of the community charge; he will retain this position until the departure of Mr Walker. Mr Hunt's successor will be announced at the time that the changes are made.

War Crimes Bill

A Bill to permit the prosecution of alleged war criminals resident in Britain received its second reading in the House of Commons on 19 March.

Background

In October 1986 Rabbi Marvin Hier of the Simon Wiesenthal Centre in Los Angeles wrote to the Prime Minister, Mrs Margaret Thatcher, enclosing a list of 17 war criminals said to be living in Britain. In February 1988 an inquiry was set up by the Government to examine material relating to the allegations that certain persons who were now British citizens or resident in Britain had committed war crimes during the second world war (1939-45) in territories occupied by German forces.

The inquiry team consisted of the former Director of Public Prosecutions, Sir Thomas Hetherington, and the former Scottish Crown Agent, Mr William Chalmers. The inquiry's report, published in July

1989 (see p 304, 1989), concluded that legislation should be introduced to give British courts jurisdiction over acts of murder or manslaughter committed as war crimes in Germany or in German-occupied territories between 1939 and 1945. A debate on the report took place in the House of Commons on 12 December (*Hansard*, Vol 169, No 74, cols 887-970), when the House approved the principle of legislation.

The Bill

The Bill gives effect to the inquiry's principal recommendation in permitting the prosecution of alleged war criminals resident in Britain. It also provides for war crimes trials to take place in the higher criminal courts without committal proceedings, a procedure which already exists in cases regarding serious fraud. The Bill also incorporates similar provisions to those for fraud trials by empowering the Crown Court to dismiss a charge prior to trial where it appears to the judge that there would be insufficient evidence to convict. Finally, the Bill provides authority for central government to meet the costs of war crimes investigations in England and Wales.

Parliamentary Debate

On a free vote, the Bill was given its second reading in the House of Commons on 19 March by 273 votes to 60 (*Hansard*, Vol 169, No 74, cols 887-975). Introducing the Bill, the Home Secretary, Mr David Waddington, said that, although a long period of time had passed since the war, there were some deeds that were so terrible that they could not be forgotten, and that, 'as long as one of those responsible survives, the world will cry out for justice'. Dealing with the criticism that it would be impossible to guarantee a fair trial after such a long period of time, Mr Waddington stressed that independent prosecuting authorities would decide whether or not to bring charges, and the good sense of British judges and juries would determine whether it would be safe to convict on the evidence presented in any individual case.

On the process of investigation, Mr Waddington said that a central policing unit was required to pick up and continue the work begun by the inquiry. This would be operationally responsible to the Commissioner of Police of the Metropolis but would not in any way be subject to central government direction.

Shorter Notes

IMMIGRATION RULE CHANGES

A number of changes in the Immigration Rules were published on 23 March and will take effect from 1 May.

The minimum amount of capital which people seeking admission to Britain to set up in business must show they will be investing will be increased from £150,000 to £200,000. For those seeking admission as persons of independent means, the minimum amount of capital they must have at their disposal, or the minimum annual income, will be increased from £150,000 to £200,000 and from £15,000 to £20,000 respectively.

The arrangements for Commonwealth citizens with at least one grandparent born in Britain and who wish to take or seek work will also be changed. At present, people in this category may be admitted for settlement on arrival in Britain. However, many of those who are granted permanent settlement on this basis remain in Britain for a relatively short period. Under the new Rules, therefore, people in this category will qualify for settlement after a period of four years' residence in Britain.

A further change is designed to remove an anomaly in the present Rules concerning the admission of spouses aged under 16. While the existing Rules prohibit the admission of a spouse under 16, they do not prohibit a child who is settled in Britain marrying abroad a person aged over 16 and bringing in their spouse. The Rules are now being amended to prohibit the admission of a spouse if either party to the marriage is aged under 16.

Sources: Home Office news release, 23.3.90; *Statement of Changes in Immigration Rules*. HC 251. HMSO, £5·10. ISBN 0 10 225190 8.

DRUG TRAFFICKING

New powers to enable Customs and police officers to seize imported or exported notes and coinage believed to result from drug trafficking are contained in an Act which received the Royal Assent on 5 April. Details were announced by the Home Secretary, Mr David Waddington, on 27 March.

The new provision, part of the Criminal Justice (International Co-operation) Act (see p 112), would enable Customs and police officers to seize and hold cash amounts of £10,000 or more at ports of entry or exit if satisfied that the money represented the proceeds of trafficking or was intended for use in trafficking. The Bill enables the money to be held for up to 48 hours, pending authority from a Justice of the Peace to continue holding it for up to three months; a magistrates' court would be empowered to authorise holding of the money for further periods of up to three months at a time, subject to a maximum period of two years.

Once seized, the money would be placed in an interest-bearing account; interest would be forfeit in the event of confiscation of the money or returned to the owner, depending on the outcome of the case.

A second clause added to the Bill provides for forfeiture proceedings which would enable a magistrates' court to order forfeiture of the money if satisfied, on the balance of probabilities, that the money represented proceeds of, or was intended for use in, drug trafficking.

The powers would cover proceeds received by a drug trafficker before the coming into effect of the forfeiture provisions and would apply to cash from drug trafficking occurring anywhere in the world.

Source: Home Office news release, 27.3.90.

German Unification and East-West Relations

Britain's support for German unification was reaffirmed by the Prime Minister, Mrs Margaret Thatcher, in March. The British 'know-how' fund for Eastern Europe has been extended to Czechoslovakia.

British-German Relations

Addressing an Anglo-German conference in Cambridge on 29 March, Mrs Thatcher welcomed the Federal Republic of Germany's determination that a united Germany had to be a member of the North Atlantic Treaty Organisation (NATO). The conference was being held at a moment when the German people's aspiration for unity was soon to be realised. None of the participants could fail to recognise how much that meant to the German people, and any possible doubts had been dispelled by the outcome of the East German elections (see below).

Britain had played a considerable part in the realisation of that unity, Mrs Thatcher recalled, including reconstruction of the British zone in the late 1940s, flying in essential supplies during the Berlin Blockade in 1948-49, and proposing in 1954 to hold the London Conference, which eventually led to the Federal Republic's entry into NATO and the Western European Union. It was then that Britain entered into its commitment to keep a specific and substantial number of British forces in West Germany, 'the visible evidence of our commitment to Germany's defence and the defence of Western Europe as a whole'.[1]

The Prime Minister emphasised that it was NATO's staunchness in defence that had brought about the great changes in the Soviet Union and its realisation that policies of intimidation and confrontation would produce nothing. This, combined with the vision and courage of the Soviet President (Mr Mikhail Gorbachev), had led to the opening of the Berlin Wall and the opportunity for Germany to achieve unity (see pp 375-6 and 453, 1989, and pp 60-2 and 103-5). Just as the conditions for German unification had been created by the efforts and resolve of many different countries, Mrs Thatcher continued, so the consequences of that unification affected them all as well. A clear framework – the Two-plus-Four group (see p 60), NATO discussions, a European Community heads of Government meeting in April, and the firm commitment that Poland would also be involved in discussions about its borders – had now been established, within which the consequences of unity would be examined and worked out. Mrs Thatcher emphasised that the lessons of past peace settlements had to be learned. The United States and Britain could not leave the Continent, while the security interests of all those concerned had to be taken into account. 'No-one must feel threatened, humiliated or resentful. Above all, we must ensure that a Germany rooted in NATO and the European Community, content within its borders, and democratic in its government strengthens the security and the stability of Europe as a whole.'

[1]For further information see COI reference paper *Berlin*, No 273/87.

Germany and NATO

Experience, the Prime Minister said, had taught the Western European countries very clearly that, irrespective of what would happen to the Warsaw Pact, they needed the collective security provided by NATO, together with the presence of US and British forces in Europe, to safeguard stability and security at a time of uncertainty and change. If the Conventional Forces in Europe (CFE) talks in Geneva succeeded in reducing conventional forces and if the Soviet Union withdrew its military presence completely from Eastern Europe, NATO countries would be able to reduce their forces accordingly, although these reductions would have to be carried out 'in a co-ordinated and disciplined way . . . not in some wild scramble'. While Britain could make some reductions in the level of British forces in Germany, the needs of collective defence would require Britain, as well as the United States and France, to keep sizeable forces there.

Mrs Thatcher said that NATO strategy would also need to be adjusted in some respects provided that the basic structure was preserved. Its number of short-range nuclear weapons in Europe could be reduced further, but adequate nuclear forces would need to be retained both in Britain and at bases in Germany. Special arrangements would have to be made for the territory of East Germany to take account of the Soviet Union's natural security concerns, and Soviet forces would remain there for a transitional period.

British Agenda

Alongside NATO (though not as an alternative to it), the West had to find a way to reinforce democracy and human rights throughout Europe, while, at the same time, involving the Soviet Union and the Eastern European countries fully in the debate on Eu-

rope's future security. 'We already have part of a framework in the Helsinki Agreements . . . [but] . . . we must try to give them greater substance and permanence, and the time to do that is surely at the forthcoming [October] CSCE [Conference on Security and Co-operation in Europe] Summit.' Mrs Thatcher proposed a seven-point agenda for the summit, which could make it 'a major step towards the creation of a great alliance for democracy, which would stretch from the Atlantic to the Urals and beyond'. This agenda, which includes the addition of more provisions and principles to the Helsinki process (see pp 48-9, 1989), would involve:

1 an agreement on a new principle setting out the conditions to be fulfilled for elections to be considered as truly free, which would strengthen democracy;

2 a new principle for the rule of law and human rights, setting out the essential principles for a sound legal system, committing countries to respect and uphold the rule of law;

3 an extension of political consultation (including foreign ministers' meetings twice a year and other meetings during times of tension or crisis) to involve the widest possible number of countries in discussions about the future of Europe;

4 the possibility of giving the CSCE a conciliation role in disputes between two or more members, for instance on matters concerning minority rights;

5 an addition to the Helsinki principles providing for the right to private property and the freedom to produce, buy and sell without undue government interference;

6 a reaffirmation of the commitments that frontiers are inviolable and that changes can only occur by peaceful means and by agreement in accordance with international law; and

7 a commitment of all CSCE members not only to sign the CFE agreement now being negotiated, but also to look ahead to the next steps in arms control in Europe.

Mrs Thatcher said that if they could agree on these principles and procedures, the Helsinki accords would be strengthened for the future. She stressed that CSCE could not take on a defence role, as that was the task of NATO and the Western European Union, but that it could and should 'strengthen democracy, the rule of law and human rights. If we can get to a stage when they are practised and observed throughout Europe, that in itself will be an enormous contribution to Europe's security.'

East German Elections

In the elections for 400 parliamentary seats held in the German Democratic Republic on 18 March, the conservative Alliance for Germany, comprising the Christian Democratic Union (CDU), the German Social Union and the Democratic Awakening Party, gained 192 seats (of which 163 were won by the CDU), while the Social Democratic Party secured 88 seats. The Party of Democratic Socialism, formerly the communist Socialist Unity Party, gained 66 seats, the League of Free Democrats (a centre group made up of the German Forum Party, the Liberal Democratic Party and the Free Democratic Party) 21 seats, and Alliance '90 (a left-wing coalition including New Forum) 12 seats. The remaining 21 seats were shared between five other parties. After the elections, talks began between the Alliance for Germany (which campaigned for a swift and effective economic, monetary and social union with the Federal Republic of Germany), the Social Democratic Party and the League of Free Democrats, with a view to forming a coalition government. In the meantime, East Germany continued to be governed by a caretaker administration under Herr Hans Modrow (see pp 103-5).

Czechoslovakia's 'Know-how' Fund

During an official visit by the President of Czechoslovakia, Mr Vaclav Havel, to Britain between 21 and 23 March, it was announced that Britain's 'know-how' fund would be extended to Czechoslovakia (see p 13). Involving no fixed ceiling or time limit on the funds available, initial projects would cover the areas of the free market and privatisation, local government, independent policing, the development of small businesses, employment retraining, job placement and other employment matters. On education, possible projects would cover university curricula and the expansion of English language training, including crash courses to assist teachers of Russian switching to teaching English.

Southern Africa

Britain welcomed Namibia's independence on 21 March and announced several measures designed to assist the new state. The independence celebrations were attended by the Foreign and Commonwealth Secretary, Mr Douglas Hurd, who, earlier in Johannesburg, urged South Africa to continue its political reform programme and announced further aid for black South Africans.

Namibia

The independence of Namibia and its simultaneous membership of the Commonwealth marked the culmination of a successful United Nations operation involving 6,000 personnel from all over the world (see pp 268-70, 1988, and pp 95-6, 1989).

Elections to the new constituent assembly took place in November 1989 under United Nations supervision, and on 9 February 1990 the assembly adopted by consensus the constitution for an independent Namibia, which provided for a second chamber and a strengthening of provisions regarding human rights. Reporting to the Security Council on 16 March, the UN Secretary General confirmed that the constitution reflected UN principles, providing for fundamental democratic safeguards and basic human rights.

Britain has played an important role in the independence process as a member of the group which drew up the 1978 independence plan and through its major contribution to the United Nations Transition Assistance Group; the latter included a financial contribution of £17 million and the pro-

vision of a signals unit of 150 men and 55 election monitors (see p 96, 1989).

Speaking at a press conference in Windhoek on 21 March, Mr Hurd said that Namibia would be very welcome as the fiftieth member of the Commonwealth. Britain would be playing a substantial part in the future and was glad that the Namibian President, Mr Sam Nujoma, had requested British assistance in the training of the new Namibian army. The training team would build to a strength of 53 men over coming weeks. Another British team would also be helping with police training.

Mr Hurd said that Britain would pledge £10 million in bilateral aid to Namibia and that the British Council would provide educational aid, particularly English language teaching, in view of the Namibian decision to select English as the official language of the new republic.

South Africa

Speaking to the South Africa Foundation in Johannesburg on 20 March, Mr Hurd said that the pressures of the market place had done more than any other factor to bring home to the South African Government the fact that the system of apartheid did not work. The State President's speech in February (see p 63) and the measures announced had been more than a pragmatic response to the pressure of events and had shown courage and sincerity.

Political Changes

Mr Hurd pointed out that Britain had long pressed for the lifting of bans on political organisations and for the release of Mr Nelson Mandela and other long-term prisoners in order to create the possibility of achieving a negotiated settlement of South Africa's problems. 'It is only through such negotiations that South Africa can achieve its rightful place as a democratic, non-racial, prosperous country and as the economic power-house of the region.' The shape of a future constitution was a matter for black and white South Africans to decide and Britain would try to get the parties to the negotiating table.

Britain did not believe that a settlement could be achieved except on the basis of one person, one vote, although this did not rule out protection for minority rights or structural guarantees.

Education and Housing

Mr Hurd said that the three main legislative pillars of the apartheid system still remained. The days of residential segregation through racially-based legislation were numbered and Britain hoped that a decision would be taken to repeal the provisions of the Land Acts, under which black South Africans were precluded from owning agricultural land over the greater part of South Africa's territory. State schools, too, were segregated and no efficient allocation of resources could be made for education until desegregation occurred. This, however, did not dispense Britain, South Africa or its friends from making great efforts 'to help prepare South Africa and black South Africans for the role they are going to be called upon to play in the government of this country'.

Britain was contributing to the educational effort. The British Council had opened a new centre in Johannesburg and the British Government was financing scholarships for about 1,000 black South African students at universities in Britain and South Africa. These numbers would increase rapidly and Britain was pledging £10 million of assistance in addition to existing programmes for black South Africans (see pp 108-9). Most of this would go to education in such areas as training in administration and public finance. Britain wanted European Community programmes to be directed to these same objectives.

Help for housing, too, was desperately required, said Mr Hurd, and Britain was contributing to the Urban Foundation's scheme for low-cost, owner-occupied housing and was looking at ways of expanding its effort in this area. On squatter settlements, Mr Hurd pointed out that South Africa had the resources to deal with the problem, and added: 'They are the squalid face of apartheid and neither you nor we or the friends of South Africa should wait for the end of apartheid before we start alleviating the misery which goes with those kinds of conditions.' Noting that the end of apartheid would not bring rapid prosperity and freedom, Mr Hurd stressed that attention had to be given now to building up black education and community infrastructure so that a post-apartheid South Africa could have 'a proper chance to become a decent, prosperous, modern society'.

The Economy

South Africa's prosperity, noted Mr Hurd, was crucial for the 500 million people living south of the Sahara. Hardly any African countries were growing at a rate sufficient to keep pace with increases in population; unless economic growth could outstrip population increases, the prospect throughout Africa was one of 'increasing impoverishment from an already impoverished level'. Sustainable growth was not attainable without good government and respect for the rule of law and human rights, a free press and democratic institutions. 'So the requirement then in South Africa is both for political reform and to find the means in a society after apartheid of creating and distributing wealth.' The business community could not appear to adopt a defensive position when faced with black South African aspirations. The question of distributing wealth in South Africa would have to be addressed if an equitable system was to be developed; Britain therefore welcomed the South African Government's decision to set up a large independently administered fund to be used in consultation with black leaders to help redress the distribution of resources. The aim had to be to preserve and promote economic growth because otherwise there would only be increasing poverty left to redistribute.

Noting that South Africa could not by itself generate enough capital to provide new jobs for the millions of blacks coming on to the labour market, Mr Hurd said that foreign investment was essential. Competition for such investment was fierce and South Africa after apartheid would have to create a climate to attract investment. Concluding, Mr Hurd said that, although the possibility of negotiations had been opened up, those involved would have to make hard decisions and Britain would encourage the process, the results of which would be judged by the people of South Africa.

Relations with Iraq

The execution in Iraq of Mr Farzad Bazoft, a journalist, in March has been condemned by many countries, including Britain and the 11 other members of the European Community, as well as by the United Nations.

Mr Bazoft, an Iranian working as a journalist with *The Observer*, and Mrs Daphne Parish, a British nurse, were arrested in Iraq in September 1989 and charged with espionage. Mr Bazoft, invited to Iraq by the Iraqi authorities, had been to a military base south of Baghdad to investigate reports of a major explosion; Mrs Parish had driven him there.

Mr Bazoft and Mrs Parish were tried on 8 March and two days later Mr Bazoft was sentenced to death and Mrs Parish to 15 years' imprisonment. Mr Bazoft was executed on 15 March despite worldwide pleas for clemency, including pleas from the British Government, the European Community and the United Nations.

Appearing on Iraqi television in October, Mr Bazoft had admitted to spying for Israel. At his trial, however, he withdrew his 'confession', which, he said, had been extracted under duress, and said that he had been acting simply as a journalist. He confirmed this version of events shortly before his execution.

British Reaction

Reporting to the House of Commons on 15 March (*Hansard*, Vol 169, No 72, cols 667-71), the Foreign and Commonwealth Secretary, Mr Douglas Hurd, said that he could not recall a recent case in which such a strong and unanimous view had been expressed across the world in favour of clemency. This view had been ignored by Iraq, and the international community had been reminded that there were still regimes 'capable of a pitiless disregard for human rights'. Mr Hurd added: 'By their action, the Iraqi authorities have blackened the name of Iraq across the world.'

Britain had instructed its ambassador to return home and all planned ministerial visits to Iraq were being suspended. The training of Iraqis on Ministry of Defence courses was also being stopped and students would return home without completing their courses. The Government extended to Mr Bazoft's family its deep sympathies on this tragic outcome and would continue to work for the release of Mrs Parish and of another British prisoner in Iraq, Mr Ian Richter, a businessman arrested on bribery charges in 1986 and sentenced to life imprisonment.

The Budget

The Budget, presented by the Chancellor of the Exchequer, Mr John Major, on 20 March, contained a number of measures to encourage saving. Economic policy was described as having two main aims: bringing down inflation again and putting Britain in a position to benefit from the single European market and the changes in Eastern Europe.

The main Budget proposals are outlined below. They are followed by a summary of other subjects covered in the Chancellor's statement. Tables are taken from the *Financial Statement and Budget Report 1990-91*,[1] published on Budget day.

MAIN PROPOSALS

Taxation

Income Tax

Most allowances raised by the statutory indexation factor of 7·7 per cent, rounded up (but threshold for the 40 per cent rate unchanged at £20,700 of taxable income).

Personal allowance to rise from £2,785 to £3,005. New allowance for married couples to be set at £1,720. Additional personal allowance for single parents and widow's bereavement allowance to increase from £1,590 to £1,720.

For people aged 65 to 74, single age allowance to rise from £3,400 to £3,670; age allowance for married couples to be set at £2,145. For people aged 75 and over, single age allowance to increase from £3,540 to £3,820; age allowance for married couples to be set at £2,185. Income limit for age allowances to rise from £11,400 to £12,300.

Blind person's allowance to be doubled from £540 to £1,080.

Scale charges for taxation of private use of company cars raised by 20 per cent.

Workplace nurseries for employees' children to be exempt from income tax as a benefit in kind.

Corporation Tax

Increase from £150,000 to £200,000 in annual profits limits below which the small companies' rate of 25 per cent applies. Rise from £750,000 to £1 million in the limits below which companies receive relief from the full rate of 35 per cent.

Business donations to training and enterprise councils (see pp 142-3) to qualify for tax relief until April 1995. Existing tax relief on business donations to local enterprise agencies extended by three years to the same date.

Change to the system of tax relief for banks on doubtful sovereign debt (debt owed by governments or their agencies and with a doubtful prospect of recovery), preserving the principles on which relief is based but giving greater certainty about tax deductions and smoothing out future increases in the cost to the public finances of providing relief.

Value Added Tax

Introduction of relief from value added tax (VAT) on bad debts more than two years old which have been written off in the trader's accounts.

Registration limit (annual turnover above which businesses must register for VAT) raised from £23,600 to £25,400, the maximum permitted under European Community law. Registration to be based on turnover in the previous 12 months rather than on expected future turnover.

Abolition of the system whereby VAT paid on the provision of domestic accommodation for directors and their families can be reclaimed.

Inheritance Tax

Increase in inheritance tax threshold from £118,000 to £128,000, in line with inflation.

Excise Duties

Excise duties as a whole to rise broadly in line with inflation but with some modest adjustments within this constraint.

Petrol and Derv

Duties on leaded petrol and derv to increase by 10 per cent, adding almost 11p to the price of a gallon of petrol and 9p to that of derv. A rise of around 9p in the price of unleaded petrol, making for a widening to almost 16p a gallon in the duty differential compared with leaded.

Alcoholic Drinks

Most duties to increase in line with inflation, adding 7p to the price of a bottle of table wine and 2p to that of a pint of beer. Duty on spirits – unchanged since 1985 – to rise by 10 per cent, raising their price by 54p a bottle.

[1] *Financial Statement and Budget Report 1990-91*. HM Treasury. HMSO, £8·50. ISBN 0 10 228690 6.

Tobacco

Tobacco duties, which had not been increased in the 1989 Budget, to go up by 10 per cent, adding 10p to the price of 20 cigarettes and 5p to that of five small cigars.

Measures to Encourage Saving

Tax Exempt Special Savings Account

Introduction in January 1991 of a Tax Exempt Special Savings Account (TESSA) in banks and building societies for investments of up to £1,800 a year over a five-year period. All interest to be free of income tax provided the capital is left undisturbed over the five years. Interest may be withdrawn during this time but only up to the net-of-tax level. At the end of the five-year period the depositor will receive a bonus equal to the amount that would have been paid in tax plus the interest on it.

Personal Equity Plans

Increase from £4,800 to £6,000 in annual limit on the amount that can be invested in a Personal Equity Plan (PEP – see p 125, 1986). Within that, rise from £2,400 to £3,000 in the amount that can be held in most unit and investment trusts. Lowering from 75 per cent to 50 per cent in the share of the investments of such trusts that must be in British equities. Annual PEP limit for trusts that do not meet this requirement raised from £750 to £900.

Employee Share Ownership Plans

Sales of shares by company owners to Employee Share Ownership Plans to be relieved of immediate liability to capital gains tax.

National Savings

Annual interest rate on Income Bonds increased from 12·5 per cent to 13·5 per cent; that on the Investment Account raised from 11·75 per cent to 12·75 per cent.

Composite Rate Tax

Abolition in April 1991 of composite rate tax on savings in banks, building societies and other deposit-taking institutions.

Stamp Duty

Stamp duty on transactions in shares to be abolished some time in 1991-92 to coincide as far as possible with the introduction of paperless dealing under the International Stock Exchange's new share transfer system (TAURUS).

Capital Limits for Social Security Benefits

Increase from £6,000 to £8,000 in amount of capital above which holders become ineligible for income support and family credit. Doubling from £8,000 to £16,000 in capital limit for ineligibility for housing benefit and community charge benefit.

Charities

Rise from £480 to £600 in annual limit on charitable gifts qualifying for income tax relief under the payroll giving scheme (see p 125, 1986, and p 140, 1989).

Introduction of Gift Aid, whereby single gifts of between £600 and £5 million in any one year qualify for tax relief. The relief is reclaimable by the charity at the basic rate of income tax. Individuals who pay at the higher rate may receive any relief which is due at this rate. The scheme is also open to companies.

Extension of zero rate of VAT to a wide range of purchases by charities engaged in sea rescue and medical care and research.

Football Safety

Cut in pool betting duty from 42·5 per cent to 40 per cent for an initial period of five years provided that the revenue foregone by the Government is given to the Football Trust for ground improvements (see pp 88-90).

Business Expansion Scheme

Annual limit on amounts of finance which can be raised under the Business Expansion Scheme (see p 133, 1983) increased from £500,000 to £750,000.

Monetary Policy

Target rate of growth for narrow money in 1990-91 of 1 to 5 per cent.

Public Finances

Public sector debt repayment in 1990-91 set at some £7,000 million.

CHANCELLOR'S STATEMENT

Introducing his Budget in the House of Commons (*Hansard,* Vol 169, No 75, cols 1009-26), the Chancellor said that the Government's economic policy had two main objectives. The first was to bring down inflation again. Until that happened there could be no lasting reduction in interest rates. The second was to enable Britain to take the opportunities of the 1990s: in Western Europe, the single European market (see p 113) had almost arrived, while Eastern Europe, where Britain enjoyed great goodwill, had opened up dramatically. 'We need to make sure that British business can take advantage of these changes.' The two objectives were closely related: unless Britain succeeded in the first, it was unlikely to do so in the second.

By maintaining a strong fiscal surplus, the Budget would take no risks with inflation. Above all, the Budget would be one for savers. It would provide a range of incentives to save, a novel incentive to give and bring about independent taxation for married women (see p 137, 1988). It would bring in new measures for business, maintain the pace of reforming the supply side of the economy and make the social security system fairer.

Economic Performance and Prospects

The year 1989, Mr Major said, had seen continued buoyant growth in world trade despite some slowing in activity in the main economies, particularly in the United States. However, rising inflation and fears of excessive growth elsewhere in Europe had led to increases in short-term interest rates in most major economies during the year. More recently, there had been increases in long-term interest rates, particularly in the Federal Republic of Germany, where uncertainty about the effects of unification (see pp 103-5 and 130-1) had been an additional factor. This tightening in monetary policy was likely to mean a fall in growth in 1990 and, in due course, a

reduction in inflation. The rate of expansion in world trade was therefore likely to decline in 1990, although the longer-term prospects were improved by 'the astonishing developments in Eastern Europe'.

High interest rates, the Chancellor explained, also reflected very strong investment growth over the previous two years in all the major industrialised economies. This rise in investment was welcome; indeed, it might be intensified by the emerging investment opportunities in Eastern Europe. But it also emphasised the need for a healthy level of savings to finance it. The need for higher saving was greatest in the United States and Britain, where the shortfall was reflected in deficits on the current account of the balance of payments. In Japan and the Federal Republic of Germany, however, domestic savings had remained more than sufficient to finance their own investment. Savings and investment in Britain needed to come closer into line; this had to be brought about by a rise in savings rather than a fall in investment.

During the last year, business confidence in Britain had remained at a much higher level than many had expected. The net number of businesses was growing at a record rate of around 1,500 a week; employment had continued its rise and unemployment its fall. Almost 27 million people were now in work. A 9 per cent increase in business investment in 1989 – giving a total rise of 40 per cent over three years – had taken it to its highest ever level. Company profitability had recovered to the levels of 20 years ago. Spending on research and development and the number of employees receiving training had also increased substantially. 'These are all favourable developments which reflect well on businesses' preparation for the future, but recently, they have been accompanied by the return of inflationary pressures. That, beyond any doubt, is the most urgent problem before us today.' With investment outstripping the savings needed to finance it, Britain had experienced excessive growth in domestic demand, a resurgence in inflation and a current account deficit – a good deal of which itself represented suppressed inflation.

Monetary policy had therefore been tightened: annual rates of interest had now been in double figures for 20 months. This tight policy had been supported by large budgetary surpluses over the last three years. In this way, monetary and fiscal policy had acted together. It was now clear that demand pressures were being reduced. Indicators of retail sales, the housing market, vehicle registrations and import levels all pointed in that direction. As demand had fallen back, so had output growth – to just over 2 per cent in 1989.

An economic slowdown was inevitable if inflation was to be reduced. Mr Major expected growth of only 1 per cent in 1990 compared with the above average performance of about 4·5 per cent or so achieved in both 1987 and 1988. The size of the slowdown showed the extent of the downward pressure on inflation. However, growth should return in 1991 towards its sustainable rate of around 2·75 per cent. One reason for the Chancellor's confidence that the period of low growth would be short was the permanent and underlying economic improvements of the 1980s – such as the expansion of capacity and the high level of foreign direct investment in Britain. Increased investment would enable British industry both to meet domestic demand and to respond to export opportunities. This was already beginning to happen: the current account deficit – particularly that on manufacturing – was narrowing and exports had been growing faster than imports since early autumn 1989. The volume of manufactured exports had grown in 1989 by some 11·5 per cent – the highest rate for almost 20 years. The previous pattern – whereby high levels of domestic demand attracted imports and also absorbed British goods that would otherwise have been exported – was now being reversed. The fact that British industry was responding so well to export opportunities demonstrated that the current account deficit was not the result of poor competitiveness but of excess demand. As this was reduced the deficit would fall – from £21,000 million in 1989 to £15,000 million in 1990 and further thereafter.

But the prospect of lower growth did not permit any relaxation in policy. The buoyancy of past demand meant that inflation had been far more stubborn than expected; it would worsen noticeably – partly because of the impact of the community charge (see pp 17-18 and 245, 1988) and the latest increase in the mortgage rate – before it improved. Mr Major expected an annual inflation rate of a little over 7 per cent by the fourth quarter of 1990, falling to less than 5 per cent during 1991.

Monetary Policy

Monetary policy and interest rates, the Chancellor continued, were central to the fight against inflation. He agreed that high interest rates were unpopular; but, as interest rates could be readily changed, they were also the most flexible response in what could be a rapidly changing situation. Having considered the case for direct controls on credit, Mr Major had concluded that, because they could be so easily circumvented, they were unlikely to work other than in the very short term. Their main impact would be to replace domestic borrowing with overseas borrowing.

The target range of growth in narrow money, M0, was being set at 1 to 5 per cent for 1990-91. Growth was likely to start the year above the top of the range and it might be some months before it came back within the target range. The behaviour of broad money would be monitored carefully but, because it gave out signals of variable quality, no target for 1990-91 was being set.

The Government would seek to manage the national debt in a way that supported monetary policy in reducing inflation without distorting financial markets.

Progress in reducing inflation was also a precondition of Britain's commitment to join the exchange rate mechanism (ERM) of the European Monetary System (see pp 62-3). Britain's terms for entry were unchanged from those set out at the Madrid meeting of the European Council in June 1989 (see pp 270-2, 1989). Joining the ERM would provide a new framework for interest rate decisions, but would not remove the need for strong domestic monetary control; indeed, it would reinforce it.

Decisions on interest rates would continue to be based on the performance of the monetary aggre-

Table 1

Growth of Money Supply and Money GDP

Percentage change during year

	1989-90	1990-91	1991-92	1992-93	1993-94
Narrow money – M0	5·75[a]	1 to 5[b]	0 to 4[c]	0 to 4[c]	–1 to 3[c]
Money GDP	8·5	5·75[a]	6·75[d]	6·25[d]	5·75[d]

[a] Forecast.
[b] Target range.
[c] Illustrative range.
[d] Government's medium-term objective.

gates as well as a range of other evidence, particularly the exchange rate. The Chancellor expressed his preference for a strong exchange rate, although there was 'no single lodestar to guide us in monetary policy'. Interest rates were likely to stay high for some time. They would be reduced when it was safe to do so and when they were likely to stay down.

Fiscal Policy

A tight fiscal policy was an essential support to a firm monetary policy in tackling inflation, Mr Major continued. The public finances had undergone a 'dramatic improvement' over the previous ten years. Debt repayments of around £25,000 million had been made in the last three years alone. The large public sector debt repayment in 1988-89 was mainly the result of cyclical factors. The 1989-90 outturn was likely to be much lower, at around £7,000 million. This reduction also owed less to a slowing in growth than to a number of special factors. These included a fall in privatisation proceeds; an increase in local authority expenditure, especially on capital projects; and higher National Insurance rebates following the great success of personal pensions, over 3·5 million of which had been taken out

Some of these factors would be partly reversed in 1990-91, but debt repayment would be affected by slower growth. In particular, corporation tax receipts were likely to fall a little after six years of rapid increase.

The Chancellor was budgeting for a public sector debt repayment in 1990-91 of about £7,000 million – similar to that in 1989-90. He reaffirmed the medium-term objective of balanced public finances. The effect of the Budget measures would be to increase the yield from taxation by nearly £500 million in 1990-91 and by just under £1,000 million in 1991-92.

Independent Taxation

Independent taxation for women had been announced in the 1988 Budget and would come into effect in April. It would, Mr Major said,

Table 2

Public Sector Debt Repayment

£'000 million

	Estimated outturn 1989-90	Plans 1990-91	1991-92	1992-93	1993-94
Public expenditure planning total	162	179	192	203	215
Self-financed expenditure of local authorities	14	13·5	14	15	15·5
Central government debt interest	17·5	17	15·5	15	15
Accounting adjustments	4	3·5	3·5	4·5	5
General government expenditure	*198*	*213*	*225*	*238*	*250*
Taxes on incomes, expenditure and capital	158	170	177	186	196
National Insurance and other contributions	33	36	38	40	43
Interest and dividends	7	6	6	6	6
Other receipts	6	6	7	8	8
General government receipts	*203*	*219*	*229*	*240*	*253*
Fiscal adjustment from previous years	–	–	–	1	2
Annual fiscal adjustment*	–	–	1	1	1
General government debt repayment	*6*	*6*	*3*	*0*	*0*
Market and overseas debt repayment of public corporations	1	1	0	0	0
Public sector debt repayment	*7*	*7*	*3*	*0*	*0*
As percentage of GDP	1·25	1·25	0·5	0	0

*Implies lower taxes or higher expenditure than assumed in totals for general government expenditure and receipts.
Note: Differences between totals and the sums of their component parts are due to rounding.

Table 3

Public Sector Finances

£'000 million

	1989-90 forecast in 1989 Budget	1989-90 latest estimate	1990-91 forecast in 1990 Budget
Receipts			
Inland Revenue			
Income tax	46·9	48·7	55·0
Corporation tax*	22·4	21·4	20·7
Petroleum revenue tax	1·4	1·1	1·1
Capital gains tax	2·1	1·9	2·1
Inheritance tax	1·1	1·2	1·2
Stamp duties	2·4	2·1	1·9
Total Inland Revenue	*76·3*	*76·4*	*81·9*
Customs and Excise			
Value added tax	30·0	29·7	32·1
Oil	8·8	8·8	9·7
Tobacco	5·1	5·0	5·4
Alcohol	4·7	4·6	4·9
Betting and gaming	1·0	1·0	1·0
Car tax	1·4	1·5	1·5
Customs duties	1·8	1·8	1·9
Agricultural levies	0·1	0·1	0·1
Total Customs and Excise	*52·9*	*52·4*	*56·7*
Vehicle excise duties	2·9	2·9	3·0
Oil royalties	0·6	0·6	0·7
Local authority and national non-domestic rates	19·7	20·1	12·2
Other taxes and royalties	3·7	4·4	4·4
Total taxes and royalties	*156·1*	*156·8*	*159·0*
National Insurance and other contributions	34·3	33·1	35·9
Community charge	0·8	0·8	11·2
Interest and dividends	7·0	7·2	6·4
Gross trading surpluses and rent	3·3	3·0	3·0
Other receipts	4·8	2·5	3·1
General government receipts	**206·4**	**203·4**	**218·5**
Expenditure			
Central government's own expenditure	125·8	127·0	137·8
of which			
Social Security	47·5	47·0	52·0
Health and Office of Population Censuses and Surveys	19·8	20·0	22·1
Defence	20·1	20·6	21·2
Scotland	4·0	4·0	4·4
Wales	1·9	1·9	2·1
Northern Ireland	5·2	5·5	5·7
Other departments	27·4	28·0	30·2
Central government support for local authorities	*na*	38·0	41·8
Financing requirements of public corporations	0·8	1·6	1·4
Privatisation proceeds	−5·0	−4·2	−5·0
Reserve	*na*	–	3·0
Public expenditure planning total	**na**	**162·3**	**179·0**
Self-financed expenditure of local authorities	*na*	13·9	13·3
Central government debt interest	17·0	17·7	17·0
Accounting adjustments	*na*	3·9	3·4
Other items	55·7	–	–
General government expenditure	**194·3**	**197·7**	**212·7**
Net of repayments	5·8	7·3	7·5

* Including advance corporation tax.

na = not available. Some items were not forecast in the 1989 Budget.

Note: Differences between totals and the sums of their component parts are due to rounding.

'fundamentally change the financial affairs of women'. The existing method of taxing married women's income was 'wholly inconsistent with their role in society'. By regarding it as part of the husband's income, tax law denied married women privacy and independence in tax matters and also resulted in heavier taxation than was fair. Some 3·75 million people would gain from the change.

Composite Rate Tax

The Chancellor explained that composite rate tax had been introduced in 1894. It was deducted by institutions such as banks and building societies at source – with no possibility of reclaim – and currently stood at just under 22 per cent. Thus, people who paid income tax – for which the basic rate was 25 per cent – benefited while those who did not were worse off. The latter group could avoid taxation by saving in accounts that paid interest gross of tax or where tax could be reclaimed; however, the convenience of using banks and building societies meant that many had not done so. The scale of the problem was substantial: after the implementation of independent taxation there would be 14 million people with savings income that did not merit taxation but which would be taxed under existing legislation. The only solution was the abolition of composite rate tax. Mr Major envisaged a scheme of self-certification whereby non-taxpayers would receive their interest gross while taxpayers would continue to have tax deducted at source but at the basic rate. However, non-taxpayers who had not joined the self-certification scheme and had had tax deducted would be able to reclaim it. The Chancellor was confident that the new arrangements would further encourage people to save.

OPPOSITION VIEWS

Replying to the Budget for the official Opposition on 21 March (*Hansard*, Vol 169, No 76, cols 1123-32), Mr John Smith welcomed the introduction of independent taxation, changes in the administration of corporation tax and VAT, football safety measures, incentives to save and the removal of tax on the benefit from workplace nurseries. However, there were 'significant omissions from the Budget'. The Government's declared concern for the environment had found little expression, he said, and the Budget would be inadequate to meet the objectives of bringing down inflation and exploiting the economic opportunities of the 1990s.

Speaking for the Liberal Democrats (*Hansard*, Vol 169, No 76, cols 1142-6), Mr Alan Beith also welcomed the savings measures, particularly the ending of composite rate tax, and the football safety proposals. But 'the fatal weakness of the Budget's strategy' was its lack of a firmer commitment to membership of the ERM. He also regretted the absence of a tight fiscal strategy to tackle inflation and of a stronger approach to the environment.

Cross-border Acquisitions and Mergers in 1989

In 1989 both the number and value of acquisitions and mergers carried out by British companies overseas greatly exceeded the number of such transactions by overseas companies in Britain.

The Central Statistical Office published figures on 21 March[1] which record cross-border acquisitions and mergers in 1989 and revisions of the figures previously published for 1987 and 1988. During 1989, 675 acquisitions of, and mergers with, overseas companies by British companies were valued at £23,800 million, compared with the revised total for 1988 of 606 acquisitions and mergers valued at £17,300 million. Between 1987 and 1989, the number of acquisitions and mergers rose by more than half and their value almost doubled (see Table 1). Foreign firms' activities with mergers and acquisitions in Britain also increased: the number of acquisitions rose from 58 in 1987 to 172 in 1989, with a corresponding increase in value from £2,700 million to £11,300 million. Disposals of companies both by British and foreign firms remain at a comparatively low level.

[1] *Cross Border Acquisitions and Mergers (Quarter 4 1989).* Central Statistical Office, *Business Bulletin* No 21/90.

Major Transactions

The largest acquisitions and mergers in 1989 involved firms from the United States. These included the merger between the Beecham Group, a pharmaceutical manufacturer, and the United States drugs company Smith-Kline, for £4,600 million. The

Table 1

Summary of Cross-border Acquisitions and Mergers

Values: £'000 million

	Transactions overseas by British companies				Transactions in Britain by overseas companies			
	Acquisitions		Disposals		Acquisitions		Disposals	
	Number	Value	Number	Value	Number	Value	Number	Value
1987	431	12·1	118	4·0	58	2·7	16	1·2
1988	606	17·3	111	3·9	94	5·7	21	0·7
1989	675	23·8	129	3·5	172	11·3	21	3·0

Table 2

Cross-border Acquisitions and Mergers Overseas by British Companies Analysed by Area

	Acquisitions and Mergers					
	1987[a]		1988		1989	
	Number	Value	Number	Value	Number	Val
European Community	**124**	**1,615**	**191**	**1,764**	**270**	**2,5**
Belgium and Luxembourg	–	–	17	82	23	1
Denmark	–	–	4	31	4	
France	–	–	41	561	69	3
Federal Republic of Germany	–	–	34	265	53	5
Greece	–	–	. .	. .	4	
Irish Republic	–	–	5	45	6	
Italy	–	–	19	150	19	2
Netherlands	–	–	40	479	53	6
Portugal	–	–	. .	. .	7	
Spain	–	–	24	128	32	5
North America	**214**	**9,523**	**311**	**14,211**	**296**	**19,8**
Canada	19	382	21	483	22	9
United States	195	9,141	290	13,728	274	18,8
Other developed countries	**52**	**607**	**66**	**1,159**	**84**	**1,0**
Australia	–	–	33	693	34	7
Japan	–	–	2	10	7	
New Zealand	–	–	10	335	10	1
Norway	–	–	0	0	6	
Sweden	–	–	5	7	3	
Switzerland	–	–	5	83	8	
Developing countries	**41**	**314**	**38**	**183**	**25**	**3**
Africa	–	–	3	2	1	
Asia	–	–	12	76	20	3
Caribbean, Central and South America	–	–	21	16	4	
Other countries	–	–	2	89	0	
World	**431**	**12,059**	**606**	**17,317**	**675**	**23,7**

[a] With the exception of Canada and the United States, revised breakdowns by individual countries and regions are not available for 1987.
[b] Transaction valued at less than £500,000.
[c] Value not published separately and included in the figure for Asia.
. . = Figure suppressed to avoid disclosure of information relating to individual enterprises.
Note: In some cases, area totals exceed the sum of component country totals due to the exclusion of some countries. Elsewhere, slight dif

Area

Values: £ million

	Disposals					
989	1987[a]		1988		1989	
Value	Number	Value	Number	Value	Number	Value
2,564	**30**	**613**	**22**	**171**	**29**	**452**
134	–	–	4	20	1	25
7	–	–	0	0	0	0
374	–	–	5	12	9	106
503	–	–	3	37	5	35
4	–	–	0	0	..	..
28	–	–	3	25	5	148
247	–	–	3	72	..	..
670	–	–	4	6	4	32
24	–	–	0	0	0	0
572	–	–	0	0	4	95
19,812	**43**	**2,936**	**54**	**3,241**	**67**	**1,884**
957	7	155	9	103	10	80
18,855	36	2,781	45	3,138	57	1,804
1,058	**30**	**255**	**21**	**349**	**19**	**682**
798	–	–	9	143	9	253
77	–	–	5	18	0	0
154	–	–	1	[b]	1	5
5	–	–	0	0	1	1
4	–	–	0	0	3	13
9	–	–	0	0	..	401
355	**15**	**158**	**14**	**118**	**14**	**433**
[c]	–	–	1	57	1	9
344	–	–	6	28	5	14
12	–	–	7	33	3	17
0	–	–	0	0	5	392
23,788	**118**	**3,962**	**111**	**3,880**	**129**	**3,451**

r 1987.

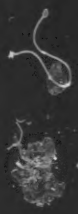
slight differences between totals and the sum of their component parts are due to rounding.

Table 3

Cross-border Acquisitions and Mergers in Britain by Overseas Companies Analysed b

	Acquisitions and Mergers				
	1987[a]		1988		1
	Number	Value	Number	Value	Number
European Community	**12**	**979**	**31**	**1,158**	**61**
Belgium and Luxembourg	–	–	0	0	2
Denmark	–	–	1	24	4
France	–	–	12	715	31
Federal Republic of Germany	–	–	5	67	10
Irish Republic	–	–	11	67	5
Italy	–	–	0	0	1
Netherlands	–	–	2	285	4
Portugal	–	–	0	0	2
Spain	–	–	0	0	2
North America	**21**	**334**	**27**	**902**	**44**
Canada	2	109	4	[c]	4
United States	19	225	23	902	40
Other developed countries	**24**	**1,368**	**30**	**3,340**	**64**
Australia	–	–	7	191	3
Finland	–	–	3	18	7
Japan	–	–	4	10	27
New Zealand	–	–	1	2	1
Norway	–	–	1	115	3
South Africa	–	–	2	48	1
Sweden	–	–	7	261	14
Switzerland	–	–	5	2,695	8
Developing countries	**1**	**21**	**6**	**290**	**3**
Asia	–	–	5	134	1
Caribbean, Central and South America	–	–	1	156	2
Other countries	–	–	0	0	0
World	**58**	**2,701**	**94**	**5,690**	**172**

[a] With the exception of Canada and the United States, revised breakdowns by individual countries and regions are not available for
[b] Transaction valued at less than £500,000.
[c] Values not published separately and included in those for the United States.
. . = Figure suppressed to avoid disclosure of information relating to individual enterprises.
na = not available.
Note: In some cases, area totals exceed the sum of component country totals due to the exclusion of some countries. Elsewhere, s



ysed by Area

Values: £ million

		Disposals					
1989		1987[a]		1988		1989	
mber	Value	Number	Value	Number	Value	Number	Value
61	**3,977**	**3**	**282**	**4**	**78**	**5**	. .
2	11	–	–	0	0	0	0
4	122	–	–	0	0	0	0
31	2,301	–	–	1	*na*	3	844
10	1,211	–	–	1	52	1	. .
5	232	–	–	0	0	0	0
1	[b]	–	–	1	*na*	0	0
4	40	–	–	1	26	1	. .
2	10	–	–	0	0	0	0
2	50	–	–	0	0	0	0
44	**4,859**	**11**	**901**	**11**	**190**	**14**	. .
4	[c]	2	[c]	2	39	2	. .
40	4,859	9	901	9	151	12	1,802
64	**2,377**	**2**	**15**	**4**	**96**	**2**	**42**
3	1,313	–	–	0	0	0	0
7	58	–	–	0	0	0	0
27	483	–	–	1	*na*	0	0
1	. .	–	–	1	63	0	0
3	20	–	–	1	6	2	42
1	. .	–	–	0	0	0	0
14	181	–	–	1	27	0	0
8	156	–	–	0	0	0	0
3	**55**	**0**	**0**	**2**	**304**	**0**	**0**
1	19	–	–	0	0	0	0
2	36	–	–	2	304	0	0
0	0	–	–	0	0	0	0
172	**11,268**	**16**	**1,198**	**21**	**668**	**21**	**3,016**

lable for 1987.

where, slight differences between totals and the sum of their component parts are due to rounding.

food and drinks group Grand Metropolitan acquired the food manufacturer Pillsbury in the United States for an estimated £3,100 million. The electronics firms Siemens of the Federal Republic of Germany and GEC of Britain acquired the British electronics firm Plessey for £2,000 million, and Ford Motor Company of the United States bought Jaguar Cars for around £1,600 million. Australian Mutual Provident, an insurance firm, acquired the Pearl Group of insurers for some £1,200 million.

Area Analysis

Details by country and region of acquisitions and mergers overseas by British companies are given in Table 2. Although in 1989 there were a similar number of such transactions in Europe (270) and the United States (274) – accounting for just over 80 per cent of all transactions – the value of British purchases in the United States, at £18,855 million, greatly exceeded that of those in the European Community, at £2,564 million. Nevertheless, acquisitions and mergers activity in the European Community by British firms continued to grow at a rapid rate, with the number of transactions increasing by more than 40 per cent and their value by 45 per cent compared with 1988. France and the Netherlands were favoured sites within the European Community for British overseas acquisitions and mergers: France attracted one-quarter of the total number of transactions and the Netherlands the same proportion of the total value of all such investments in 1989. Some 44 per cent of the number and over half of the value of all disinvestments (disposals of subsidiaries) worldwide by British firms in 1989 related to activity in the United States.

Both the number and the value of acquisitions of, and mergers with, firms in Britain by foreign companies increased sharply in 1989 (see Table 3). Companies from the European Community accounted for 61 of the 172 recorded transactions – some 35 per cent – but firms from the United States were responsible for the greatest proportion of acquisitions and mergers by value, at 43 per cent.

Training

The Government has announced proposals for a pilot scheme for training credits (representing an entitlement to undertake training to approved standards) for young people, while the first training and enterprise councils began operation in April.

Training Credits

Details of the proposed arrangements for training credits were announced by the Secretary of State for Employment, Mr Michael Howard, in the House of Commons on 27 March (*Hansard*, Vol 170, No 80, cols 209-11). Mr Howard stressed the importance of Britain having a skilled workforce, for which the basis had to be 'effective and high-quality education and training for young people'. Britain was already on the way to achieving this through reforms in education,[1] while the new arrangements for youth training (see p 471, 1989) would build on the achievements of the Youth Training Scheme and lead both to higher levels of training and to training that was more relevant to the needs of employers. One of the main tasks of the new training and enterprise councils (TECs – see below) and local enterprise companies in Scotland would be to mobilise local employers to offer to young people more and better training in the skills needed by industry.

In addition, young people had to be motivated 'to understand the importance to them of quality training and to come to expect training as a normal part of employment'. Widespread interest had been expressed in training credits as a means of achieving this, particularly by the Confederation of British Industry (the largest central employers' organisation in Britain). Credits would be issued to young people, who would be able to present them either to an employer who made training available or to a specialist provider of training if the young person was unable to find employment. 'Young people would be given quality careers advice and guidance to help them to put their credit to best use.' Credits would have a monetary value and it would be open to employers and the issuers of the credit to supplement it to secure higher-cost training or other priorities.

Mr Howard said that ministers concerned agreed that credits were 'potentially an exciting means of motivating young people to train'. They had therefore decided to invite TECs and the local enterprise companies in Scotland to run pilot credit schemes from April 1991. The aim was to select ten schemes in areas covering up to 10 per cent of the national total of those aged 16 and 17 leaving full-time education, representing about 45,000 young people a year. Under some pilot schemes, the entitlement to train would be for all young people leaving full-time education, while others might involve a more selective approach. In all cases the TECs would need to work closely with local education authorities, further education colleges and the careers service. TECs would be expected to ensure that credits were used only for training that was relevant to the needs of employers and met approved standards. Schemes would need to lead to more young people undertaking training and to the attainment of higher skill levels; there would be rigorous evaluation of the effectiveness of the schemes. Total estimated resources available to the TECs running pilot schemes would reach £115 million by 1992-93, most of which would come from the planned provision for youth training.

Training and Enterprise Councils

The first ten TECs have come into operation following the signing of operational contracts with the Department of Employment on 3 April. The concept of TECs, employer-led bodies which will have responsibility for managing the Government's training and enterprise programmes, was announced in a White Paper in 1988 (see pp 429-33, 1988, and p 152, 1989). They will have the task of developing the quality, effectiveness and relevance to the labour market of the Government's training and enterprise

[1] For information see COI reference paper *Education Reform in Britain*, No 301/89.

programmes. In most cases they will not operate programmes directly, but will contract for training and business support services through a range of training providers. Development funding has been agreed for a number of other TECs, and the network of TECs in England and Wales is expected to reach 82 over the next year; in Scotland local enterprise companies would be established (see p 75).[1]

Speaking at a ceremony on 3 April to launch the TECs, the Secretary of State for Employment said that training and enterprise initiatives could now be designed and delivered by these TECs to meet the specific needs of their area. They would 'more effectively and efficiently run current national training programmes, tailored to local needs' and would bring 'new thinking to skill-enhancement throughout industry and commerce, as well as expertise in enterprise programmes'. In so doing, they would improve the skill level of the workforce and provide more effective support for new small enterprises.

Industrial and Business Developments

Some recent developments and broad indicators of the state of British industry and business are recorded here, together with the work of government departments in encouraging these sectors.

Small Firms

The Minister of State for Employment, Mr Tim Eggar, told the House of Commons on 31 January (*Hansard*, Vol 166, No 41, col 371) that first estimates for value added tax registrations in 1989 – the best measure of changes in the stock of businesses (see pp 350-1, 1989) – showed a net increase during the year of 80,000, an average weekly gain of over 1,500. This represented an increase of nearly 25 per cent compared with 1988. Mr Eggar said that small firms had been and would remain a priority of the Government, which wished to ensure that such businesses were free to proceed with the creation of jobs and wealth.

A study published in the February issue of the *Employment Gazette* gives evidence to suggest that small firms in Britain make a disproportionate contribution to job creation. Firms employing between 5 and 19 people made a net contribution to job growth of 295,000 between 1985 and 1987, although they accounted for only a little more than one-fifth of total employment in 1985, while all larger firms added only 22,000 to net numbers in employment during the same period.

Venture Capital

The British Venture Capital Association, whose 124 full members represent all significant sources of venture capital available in Britain,[1] announced on 3 April that £1,650 million was invested by its members in 1989, an increase of 18 per cent compared with 1988. There was a substantial increase in investments in start-ups and early-stage businesses, accounting in 1989 for 39 per cent of the total number of financings compared with 28 per cent in 1988. Management buy-outs and buy-ins (see below) accounted for the largest proportion of the total amount invested in 1989, some 61 per cent. Other notable developments in the industry included an increase in investments in Europe, more than doubling since 1988 to £97 million; the continued strength of investments in consumer-related businesses, which attracted 43 per cent of the total amount invested and one-quarter of all financings; and a continuing flow of venture capital away from Greater London and the South East to other regions, notably Scotland, which increased its share of the total amount invested from 6 per cent in 1988 to 15 per cent in 1989.

Management Buy-outs and Buy-ins

Research carried out at the University of Nottingham indicates that 1989 was another record year for management buy-outs and buy-ins in Britain. (Buy-outs enable the existing management of a firm – or, in the case of buy-ins, the management of another firm – to acquire operating control of the firm.) Provisional estimates show that there were 500 such deals, valued at £7,500 million, in 1989, compared with 478 deals, valued at £4,940 million, in 1988.

Sectoral Indicators

Britain's pharmaceutical industry, which has for many years achieved a substantial trade surplus, exported products valued at £2,016 million in 1989, a 16 per cent increase on the total of £1,735 million in 1988. Imported products were valued at £1,062 million, giving a trade surplus of £955 million, which exceeds the 1988 total by 11 per cent.[2]

Provisional figures for 1989 show that the 1·3 million cars produced was the highest number since 1977. The total of 330,000 commercial vehicles produced was the highest number since 1980.

Earnings from the work of British consulting engineers in overseas construction during 1989 are estimated by the Association of Consulting Engineers[3] to have contributed £425 million to Britain's invisible earnings, 6 per cent more than in 1988. The capital value of work under way at the end of 1989 was £34,349 million.

The domestic construction industry increased its total output in real terms by 4·1 per cent in 1989 to £34,631 million, compared with the total in 1988 of £33,269 million.

Travel and Tourism

Provisional figures for the number of visits by overseas residents to Britain and for the number of visits

[1]For further information on TECs and on training arrangements (including those in Scotland) see forthcoming COI reference paper *Training Policy in Britain*, No 330/90.

[1]For further information about Britain's venture capital industry see COI reference paper *The Growth of Venture Capital and the Expansion of the Small Firms Sector in Britain*, No 272/89.

[2]For further information on the pharmaceuticals industry see COI reference paper *Pharmaceuticals in Britain*, No 168/90.

[3]*Overseas Work Entrusted to Members during 1989*. The Association of Consulting Engineers. Available from the Association, Alliance House, 12 Caxton Street, London SW1H 0QL. £40.

by British residents going overseas during 1989 were released by the Department of Employment on 7 March. The number of overseas visits to Britain in 1989 increased to 17·2 million, 9 per cent more than in 1988. Roughly six out of every ten visits were made by residents of Western Europe, two by North Americans and two by those from the rest of the world. Spending by visitors to Britain increased by 11 per cent to £6,850 million in 1989.

The number of visits by British residents travelling overseas increased by 8 per cent in 1989, from 28·8 million in 1988 to 31·1 million. More than eight out of every ten visits were to Western Europe, the balance being made in broadly equal numbers to North America and the rest of the world. British residents spent £9,380 million on these overseas journeys in 1989, compared with £8,228 million in 1988, an increase of 14 per cent.

Inward Investment

The Chief Secretary to the Treasury, Mr Norman Lamont, told the House of Commons on 18 January (*Hansard*, Vol 165, No 32, written answers, col 346) that, over the past ten years, Britain had benefited from direct and portfolio investment of £94,000 million from overseas. Of this total, £52,000 million had occurred within the last three years. He said that this reflected the confidence that overseas investors had in the Government's economic policies.

On 8 March, the Minister for Industry, Mr Douglas Hogg, announced increased funding for 1990-91 to the five English regional development organisations (*Hansard*, Vol 168, No 67, written answers, cols 791-2). Grants of £4 million – nearly £1 million more than in 1989-90 – would enable Britain to remain competitive in promoting its locational advantages in the face of increasing competition from the rest of Europe for inward investment. Mr Hogg also announced a revised funding policy which would permit the Department of Trade and Industry to fund up to 100 per cent of qualifying British-based inward investment promotion and up to 50 per cent of overseas-based promotion.

Reorganisation of the Department of Trade and Industry

Ministers at the Department of Trade and Industry (DTI) have announced changes in the Department's organisation and in the terms of existing policies to assist best practice in businesses. On 21 February, the Secretary of State for Trade and Industry, Mr Nicholas Ridley, announced a new framework for the DTI market divisions designed to provide a better service in tackling issues affecting Britain's industrial performance (*Hansard*, Vol 167, No 57, written answers, cols 783-4). The changes involve the reorganisation of the DTI's seven existing market divisions: air, consumer and vehicles, engineering, information engineering, industrial materials, manufacturing and information technologies, and telecommunications and posts. Mr Ridley said that he intended that the DTI's expertise should be more concentrated in future on long-term issues, such as the single European market (see pp 236-7, 1989), deregulation and links between business and education.

Enterprise Initiative

The Minister for Industry, Mr Douglas Hogg, has announced that consultants who gain business under the DTI's Enterprise Initiative (see pp 53-62, 1988), which includes a consultancy scheme, will be charged in future. He said that several thousand consultancy practices were providing services for the first time to smaller firms, and thus benefiting directly from the Government's investment in the promotion and administration of the scheme. Some 40,000 applications to the scheme over two years were a measure of its success. Consultancies would, after 1 April, pay joining and listing fees and charges on projects commissioned after 1 February and completed after 1 April.

Awards for Industrial Innovation

The DTI has published the results of the competition[1] which it sponsors annually together with the British Computer Society Specialist Group on Expert Systems for the best manufacturing intelligence application, open to any British-based supplier and manufacturer using such a system. The first prize was awarded jointly to Blue Circle Group Research and to Image Automation, for the application of the LINKman expert system for high-level, on-line control of the cement kilning process. The application has given significant cost savings in energy and in extended refractory life. The system has been widely applied elsewhere in Britain and overseas. The second prize was awarded jointly to Henderson Doors and Expert Application Systems for an expert system to automate the task of product configuration for commercial and industrial doors. The system has solved a major operational problem and made a significant contribution to a small company.

The Parliamentary Under-Secretary of State for Industry, Mr Eric Forth, presented prizes to Edinburgh University, Southampton University, Manchester Polytechnic and Wearside College of Further Education, winners of a DTI competition which invited applications from educational institutions to demonstrate their success in working with industry. The awards were made respectively for the development of artificial intelligence technology, for the development of an Institute of Maritime Law, for the setting up of a Retail Degree course and for the training of technicians with multiple skills to work in the car industry.

Electricity Privatisation

The Government has announced details of the price controls for the privatised electricity supply industry in England and Wales and in Scotland.

The companies which will operate the privatised industry in England and Wales (National Power and PowerGen, and the 12 regional electricity supply

[1] *Manufacturing Intelligence. Executive Summaries – Award for the Best Manufacturing Intelligence Application in Britain 1989.* Department of Trade and Industry. HMSO, £4·95. ISBN 0 11 515215 6.

companies) came into formal existence as public limited companies (plcs) on vesting day, 31 March (see pp 16-19 and 473, 1989). The Scottish supply companies, Scottish Power and Scottish Hydro-Electric (see p 473, 1989), were vested as plcs on the same day. Both Nuclear Electric (for England and Wales; see p 321, 1989) and Scottish Nuclear Ltd will remain in the public sector. The sale of the supply companies in England and Wales will take place in autumn 1990; that of National Power and PowerGen is planned to take place in February 1991. The sale of Scottish Power and Scottish Hydro-Electric is planned for May or June 1991.

England and Wales

The 12 supply companies' final price of electricity will be controlled in three ways. First, there will be no increase in real terms until April 1993 (after an increase of 9 per cent in 1990) in final prices to customers taking less than 1 megawatt (MW)[1] a year. Secondly, the companies will undertake to freeze prices for one year to customers taking more than 1 MW a year while they negotiate with competing suppliers. Thirdly, during 1991-94 the average price charged will be prevented from rising by a formula based on the retail prices index (RPI).

Some 65 per cent of the final price, which will at first be fixed by the contracts agreed between PowerGen and National Power, the generating companies, and the supply companies, consists of the cost of generation in power stations. Some 10 per cent consists of transmission costs controlled by the National Grid Company, a wholly owned subsidiary of the supply companies, while 20 per cent is made up of the distribution charges of the supply companies, which will be permitted to rise on average by no more than 1·1 per cent above the RPI. Supply costs, for the acquisition and sale of electricity, account for 5 per cent of the price, and supply charges will not be permitted to rise by more than the increase in the RPI each year.

Making the announcement in the House of Commons on 22 March (*Hansard*, Vol 169, No 77, written answers, cols 691-2), the Secretary of State for Energy, Mr John Wakeham, said that the average increase in prices for all electricity customers would be less than 6 per cent during 1990. The rise in distribution charges would enable the companies to invest some £5,000 million in the distribution network to ensure that high standards of security were maintained.

Scotland

In Scotland, the costs of generation, distribution and supply and transmission will each be regulated separately. The combined effect of the controls is expected to ensure that the maximum average prices to the regulated market (all consumers taking less than 10 MW a year) after the next round of annual price increases will be held below the RPI until 1994. During a further four-year transitional period, maximum generation prices will be indexed in line with generation prices in England and Wales, while distribution, supply and transmission prices will continue to be controlled by an RPI-based mechanism. Prices to consumers taking 10 MW or more a year will not be directly regulated in Scotland, nor will sales by Scottish companies outside their own areas.

In a statement in the House of Commons on 22 March (*Hansard*, Vol 169, No 77, written answers, cols 705-6) the Secretary of State for Scotland, Mr Malcolm Rifkind, said that the public electricity supply, transmission and generation licences for the Scottish companies were contained in a composite document, which included provisions for the capping and annual indexing of prices by the RPI-based formula. He was introducing arrangements in Scotland which would allow all suppliers to compete for supply to premises taking more than 1 MW a year at the outset of the new regime; to those taking more than 100 kW a year after four years; and to all customers after eight years. In a further statement, on 27 March (*Hansard*, Vol 170, No 82, written answers, cols 151-2), he said that the increases in prices allowed by the formula would 'allow for capital expenditure on the system significantly in excess of historic levels. . . . They also assume the achievement of increased cost efficiency . . . as private sector disciplines are introduced.'

[1] 1 MW = 1,000 kilowatts (kW).

Food Safety Bill

The Food Safety Bill, which establishes a number of offences in relation to the safety of food and the protection of consumer interests, and seeks to ensure that food law can be adapted to meet present and future needs, including European Community obligations, has been given an unopposed second reading in the House of Commons.

The Government has published its response to the Richmond Committee's report on the Microbiological Safety of Food.

Background

In 1989 the Government took measures to improve hygienic standards in poultry and eggs in view of the problem caused by salmonella enteritidis linked to eggs. It also announced that food irradiation, which could contribute to the reduction of such diseases as salmonella and listeriosis, would be allowed in Britain, subject to stringent controls and clear labelling of all goods treated. Certain cattle offal was banned from human consumption, and the consumption of untreated milk was permitted to continue subject to new testing and labelling requirements. In July 1989 the Government stated its food safety policy and summarised Britain's current food legislation in a White Paper (see pp 25-6, 275-6 and 316-19, 1989).

The Bill, based on the White Paper, would replace the existing primary food legislation in England and Wales, and that in Scotland, with a single statute covering Great Britain.

Separate legislation will be introduced for Northern Ireland after the Bill for Great Britain receives the Royal Assent.

Main Provisions of the Bill

Part I of the Bill defines 'food' to include drink, chewing gum and substances used in food preparation, as well as dietary products, and covers food offered as a prize or supplied in the course of a business. It also includes that found, even though not obviously intended for sale, on food premises. The ministers responsible for food law would be: for England and Wales, the Minister of Agriculture, Fisheries and Food, the Secretary of State for Wales and the Secretary of State for Health; and for Scotland, the Secretary of State for Scotland. Local authorities in England and Wales, and the islands and district councils in Scotland, would be the enforcement authorities.

Food Safety

Part II of the Bill defines the offences of rendering food injurious to health and of selling food which does not comply with food safety requirements, and which would be injurious to health, unfit for human consumption or so contaminated that it would not be reasonable to expect it to be used for human consumption. It would be presumed that if any part of a batch of food did not comply with safety requirements, the whole of the batch would not comply. Powers are provided to inspect, seize and condemn food suspected of not so complying. Enforcement officers may issue improvement notices to order proprietors of businesses to take remedial action within a given period. Courts may prohibit the use of premises or equipment, or the proprietor from carrying on any other food business. Emergency powers would allow enforcement authorities to impose prohibitions at very short notice where there is an imminent risk of injury to health. In such cases the officer must apply to a magistrates' court within three days to have the notice confirmed. Should he or she fail to do this, or if the notice is not confirmed, compensation would be payable in respect of any loss suffered by the proprietor. The Government would have power to make emergency orders forbidding the sale of food, food sources or materials and articles in contact with food when there is an imminent risk of injury to health.

Consumer Protection

It would be an offence to sell food which is not of the nature, substance or quality demanded by the purchaser. It would also be an offence falsely or misleadingly to label, describe, advertise or present food for the purpose of sale.

Regulations

The Government would be able to implement by regulations a wide range of safety measures, to include provisions on food composition, contamination and food sources (such as animals which have suffered or are suffering a specified disease or have been treated with prohibited substances). It would also be enabled to ensure that food meets specified microbiological standards, that processes or treatments are properly conducted, and that hygienic conditions and practices, such as in the use of equipment in the preparation of food and the training of food handlers, are followed. The Bill would enable ministers to fulfil European Community obligations with regard to food, food sources and materials in contact with food, and these obligations would be incorporated in regulations.

The Government would take powers to control the promotion of novel foods (not previously used for human consumption in Great Britain) and novel food sources, and to prohibit their import. It would also be enabled to make regulations prescribing the use of special designations for milk (see p 276, 1989).

Provisions would be made to allow enforcement officers to register premises used or proposed to be used for food businesses and to prohibit the use of unregistered premises. Certain businesses would have to be conducted under special licences.

Defences

The Bill modernises the statutory defences; for example, a statutory defence would be provided where the defendant could prove that he or she has taken all reasonable precautions and exercised all due diligence. There would also be a special defence for those who publish an offending advertisement of any food in good faith.

Administration and Enforcement

Part III of the Bill has clauses which require each food authority to appoint one or more public analysts and enable the authority to provide facilities for microbiological examinations of food. Other clauses give officers powers of entry to premises and make it an offence to obstruct them. The time limit for prosecutions would be three years from the commission of an offence or one year from its discovery by the prosecutor, whichever is the earlier.

For rendering food injurious to health, selling food which does not comply with safety requirements, or selling food not of the nature, substance or quality demanded by the purchaser, the maximum penalty would be: on conviction on indictment, two years in prison and/or an unlimited fine; on summary conviction, a maximum of six months in prison and/or a maximum fine of £20,000. For obstructing enforcement officers the penalty would be a maximum of three months' imprisonment and/or a maximum fine of £2,000.

The Government would be able to issue codes of practice for the guidance of food authorities, which would be required to submit reports and returns to ministers. If an authority should fail to discharge its duties, the Government would be able to take remedial action.

Further clauses retrospectively amend Part I of the Food and Environment Protection Act 1985 (see p 81, 1985), so that it could be used to deal with any incident likely to create a hazard to human health through consumption of food. The provisions of the Water Act 1989 (see pp 20-4, 1989) in respect of the quality of water supplied for domestic purposes would be extended to include the supply of water for food processing.

Speeches by Ministers

The Bill received its second reading in the House of Commons on 8 March (*Hansard*, Vol 168, No 67, cols 1023-94). Introducing the Bill, the Minister of Agriculture, Fisheries and Food, Mr John Gummer, said

that the safety of food depended on the Bill covering the entire food chain. New techniques of food preservation and handling brought new problems, and there was a need for greater precision in the examination of food so that contamination could be detected. He was convinced of the advantages of a local enforcement service, while codes of practice would bring local authorities' actions into closer conformity. The Government would grant £30 million towards the cost of providing the resources that local authorities would need to enable them to carry out their food safety functions. They would also be given tougher powers. Even though it was necessary to protect those running a food business from being oppressed by rules, the safety of the public was paramount. To facilitate the authorities' task, owners of businesses would be required to register. Where there was a need for strict control, a licensing system would be used, to apply to dairies and dairy farms, and to premises for the irradiation of food.

The Bill, Mr Gummer said, would bring in 'a simpler, clearer, more comprehensive form of emergency control orders'. It would also enable the Government properly to control irradiation, already the practice in other major countries, and irradiated food would require appropriate labelling both in shops and in restaurants. Draft regulations would also be issued to control other mechanisms for preserving food. He was concerned that the views of consumers should be properly and regularly heard, especially in the European Community, and that regular consultation should take place with consumer leaders on major matters.

In his speech, Mr Roger Freeman, Parliamentary Under-Secretary of State for Health, stressed that Britain had the best food safety surveillance system in the world. In many processes, however, it was not possible completely to eradicate listeria and salmonella organisms. Irradiation could eliminate or seek to eliminate them, so that the shelf life of irradiated foods would be longer than would otherwise be the case, although it would not make unfit food fit for consumption. He said that the number of environmental health officers (enforcement officers) entering training had increased from 207 in 1985 to 289 in 1989. The Government had issued a consultation document about training for food handlers and responses were invited by 30 June.

Microbiological Safety of Food

The Government has published its response to Part 1 of a report of a committee chaired by Sir Mark Richmond, Vice Chancellor of the University of Manchester, on the microbiological safety of food. The report was commissioned by the Government in 1989 and Part 1 was published, with the response, on 15 February.[1]

The report comments that there has been an upward trend in foodborne illnesses in England and Wales in recent years and that the main contributory organisms to cases of food poisoning and gastrointestinal pathogens have been salmonella and campylobacter. Microbiological data do not provide evidence that listeriosis has a foodborne link. Human epidemiological surveillance systems, it says, are probably superior in Britain to those available elsewhere in Europe. Nevertheless, a study is needed to provide information on the incidence of gastrointestinal illness that can be linked to a microbiological cause. It recommends that links between the veterinary and human medical systems should be strengthened by, for example, giving the Public Health Laboratory Service (PHLS) responsibility for collating information from both. Training of medical officers of environmental health and consultants in communicable disease control to enable them to take effective action in the event of food poisoning outbreaks is essential, the report continues. It acknowledges that the measures taken by the Government in 1989 to limit the contamination of poultry meat represent 'as comprehensive an approach to the salmonella problem as has . . . been adopted anywhere in the world', and stresses the need to assess the effects of these measures in a co-ordinated programme. A monitoring programme to determine the extent of contamination with pathogenic bacteria should be established at the successive stages of the poultry-meat production chain and all shortcomings in the feedingstuff production process should be corrected. The report voices concern that 'there is currently little control over the operation of food businesses and that any individual can, without training, open almost any type of food business', but welcomes the Government's proposals to take powers enabling the registration and licensing of food premises and processes. As far as microbiological safety is concerned, the report recommends that a compulsory 'use by' system should be introduced in the labelling of food and the old 'sell by' system phased out. The ability of refrigerators to hold food at a stated maximum temperature should be given the force of law by the European Community.

Government Response

In its response the Government comments that it has put in hand research into the incidence of listeriosis in pregnant women and that the PHLS has carried out surveys on the contamination of some foods with listeria monocytogenes. It is considering how to increase knowledge of the incidence of foodborne illness in Britain and accepts the need for frequent publication of veterinary information and for public and media briefing on food safety at appropriate intervals. In principle it agrees on the need to strengthen microbiological food surveillance and in particular on the need to co-ordinate activity, and to draw on independent expertise. It points out that codes of practice for the control of salmonellae have been introduced and inspections at poultry rendering plants have been doubled. With other Community member states, Britain has agreed, the response says, that 'use by' dates should be introduced for foodstuffs which are microbiologically highly perishable.

[1] *The Microbiological Safety of Food. Part 1.* Report of the Committee on the Microbiological Safety of Food. Chairman: Sir Mark Richmond. HMSO, £15. ISBN 0 11 321273 9.

Report of the Committee on the Microbiological Safety of Food. Part 1. Recommendations and Government's Response. Department of Health. Available free from DH Store, Health Publications Unit, No 2 Site, Manchester Road, Heywood, Lancashire OL10 2PZ.

Shorter Notes

SCOTTISH AIRPORTS

The Government's decision not to continue with a special policy for the lowland airports in Scotland but to adopt a market-led approach was announced by the Secretary of State for Transport, Mr Cecil Parkinson, in the House of Commons on 6 March. The policy of successive governments had been that intercontinental flights to and from Scotland should arrive and depart from Prestwick Airport, 47 km (29 miles) south-west of Glasgow.

Mr Parkinson said that his intention in instituting a consultation process (see p 395, 1989) had been to determine whether to maintain a special policy for the lowland airports or to adopt the less restrictive approach applied elsewhere in Britain. He had concluded, in consultation with the Secretary of State for Scotland, that the interests of Scotland in general and of the users and providers of air services in Scotland were best served by allowing each lowland airport to handle the traffic it could attract, subject to airline licensing arrangements, international air service agreements and airport capacities. He would therefore not be making new traffic distribution rules for the lowland airports. The view had been expressed that the former policy of confining long-haul services to Prestwick had hampered Scotland's economic development and that a less restrictive approach could be expected to enhance business efficiency and help to encourage inward investment. The benefits depended on the response of the airline industry and users; already two airlines had announced proposals for new services between Glasgow Airport and the United States.

The Secretary of State for Transport referred to concerns that had been expressed about the effects of increased air traffic on the other lowland airports at Glasgow and Edinburgh, for example additional noise and vibration. He said that responsibility for noise control measures rested with the airport operator, BAA plc, and he was asking the chairman of BAA to keep the noise abatement measures at these airports under review. Mr Parkinson also referred to the suggestion that the withdrawal of the previous policy would lead to the closure of Prestwick. He said that, although BAA (which also operated Prestwick) believed that some passenger services would eventually transfer from Prestwick, it had 'made clear its firm intention of keeping the airport open and of intensifying its marketing of its other facilities, notably for all-cargo operations'.

Source: *Hansard,* Vol 168, No 65, written answers, cols 550-1.

ESA SATELLITE COMMUNICATIONS PROGRAMME

The Minister for Industry, Mr Douglas Hogg, announced in the House of Commons on 27 March that Britain would be participating in the proposed satellite communications programme of the European Space Agency (ESA). This would involve a commitment of £32 million over the coming years.

In its statement on space policy in July 1988 (see p 281, 1988), the Government announced that it intended to make a decisive switch of its support away from telecommunications into earth observation, which was seen as the next space market ripe for commercialisation. The Government's view is that future research and development in mature areas of satellite communications can now be left to operators and manufacturers. However, there are aspects to which governments internationally continue to give support. These are new applications involving technology which has not yet been tested in space.

The areas to be developed include: techniques for communication between a satellite and a moving lorry, train or aircraft; direct laser communication between satellites to permit long-distance communications without intermediate ground stages; intelligent systems in satellites; and improved systems for the worldwide capture of data from, in particular, remote sensing satellites in low-earth orbit. The telecommunications programme upon which ESA is embarking offers opportunities in all these areas. Its total cost will be some £1,100 million in the period up to the end of the century. Britain's involvement will be chiefly with the first of its two main elements, a Technology Mission satellite due to fly in 1994. Much of the second element, a Data Relay Satellite system, is designed to be in support of aspects of the ESA programme, such as the man-in-space programme, in which Britain does not participate.

Source: *Hansard*, Vol 170, No 82, written answers, col 126.

BRITE/EURAM

The Department of Trade and Industry announced on 1 March that the European Commission had inaugurated arrangements for the second round of BRITE/EURAM (Basic Research in Industrial Technologies for Europe and the advanced materials part of the research action programme on materials – see pp 66-7, 1989) with an invitation for the submission of proposals. The programme, which has a budget of £360 million over four years, aims at stimulating innovation in industrial technologies and advanced materials through international collaborative research. All industrial companies, universities, other higher education institutions and research organisations are eligible to take part.

Source: Department of Trade and Industry news release, 1.3.90.

Environmental Protection

Acidification and global warming were the main themes of a speech by the Prime Minister, Mrs Margaret Thatcher, to the Royal Society on 22 March. Other government ministers have made comments on issues of environmental protection.

The Prime Minister's Speech

Mrs Thatcher addressed the Royal Society at the close of the final conference of the Surface Water Acidification Programme (SWAP), which has just completed a five-year investigation into the problem of acidification. It was a collaborative project undertaken by scientists from Britain, Norway and Sweden, and the £5 million programme was financed by the Central Electricity Generating Board (CEGB) and British Coal. Mrs Thatcher's speech, delivered in the presence of the Prime Ministers of Norway and Sweden, discussed acidification, but also covered other matters related to the protection of the environment.

Acidification

Thanking the scientists involved, the Prime Minister said that their results would be of benefit in at least three ways: first, they would give a better understanding of the causes of surface water acidification, in particular showing that the degree of acidification of streams and lakes was largely determined by the structure and chemical composition of the soil; secondly, their work would help to identify the action necessary to stop or limit damage caused by acidification; and thirdly, it would show the Government how it could honour its commitment to create a cleaner and better regional environment. But above all, she said, the work had shown how important good and thorough science was, if effective action was to be taken. Often governments were urged by pressure groups to take action without an adequate appreciation of the facts and the underlying science: 'indeed, we are sometimes asked to prevent or outlaw certain actions unless there is positive proof that they cause no harm, but it is usually difficult to prove a negative. What we should be considering is whether the alternative course inflicts more harm than the original one, albeit in a different way.'

Mrs Thatcher outlined the major programme that Britain was undertaking to clean up the principal sources of acid emissions. First, she said, Britain had agreed with its European partners to cut substantially the release of sulphur and nitrogen oxides from existing power stations and other large combustion plants – sulphur dioxide emissions were already 40 per cent below those in the peak year of 1970. Britain had also accepted stringent standards on new large combustion plants, and as part of this was fitting flue gas desulphurisation equipment at Drax Power Station in North Yorkshire, at a cost of £600 million. However, this was not the only way to achieve reductions in emissions, and it too had its environmental costs, because it involved the quarrying of limestone, the disposal of gypsum waste and the emission of more carbon dioxide – thus adding to the greenhouse effect. The generating industry was therefore looking at alternative ways to generate power which were at least as effective in reducing sulphur dioxide; one way was to use natural gas. Gas turbines, the Prime Minister said, produced virtually no sulphur dioxide and less than half the amount of carbon dioxide given off by a coal-fired power station producing an equivalent amount of electricity. Privatisation was not an obstacle but a boost to the search for cleaner ways of generating power, since it was the prospect of competition which was acting as a stimulus for investment proposals for new gas-fired power stations.

Mrs Thatcher said that total British investment over the next decade in new clean plant and fitting pollution control equipment to existing plant would be over £6,000 million. She confirmed that Britain would 'meet the commitment which it has solemnly accepted to reduce acid emissions and we shall do so by embarking on a major programme of investment to protect the environment, not relying on a single method alone but combining desulphurisation equipment, new gas-fired plant and other means such as the use of low-sulphur coal'.

Global Warming

Speaking about the problems of global warming, Mrs Thatcher said that there was no doubt that climate had been changeable in the past: she cited fluctuations in Britain's climate. The causes of such change were not known and therefore the Intergovernmental Panel on Climate Change had been asked to bring together a full report on the science of the greenhouse effect. Those in government often found that they solved one problem only to face another; as an example she gave the recent meeting of the North Sea Conference (see pp 121-3), which had agreed various measures that would certainly reduce pollution of the sea but which were likely to mean more carbon dioxide in the atmosphere, as alternative land-based methods for disposal, such as incineration, were developed.

Mrs Thatcher pointed to the possibility that global warming would mean changes in the pattern of wildlife, as organisms, rather than adapt, might migrate to places where the climate was suitable. 'We do not have a comprehensive picture of the position at the present time and this means that in ten years' time we shall not know how species have reacted to changes in their environment. I believe it would be an excellent idea for those of us in the wider Europe to set up data-banks which will enable us to put together a comprehensive picture stretching from the Mediterranean to the Arctic and from the Atlantic to the Urals.'

New Technology

The Prime Minister said that, whatever international action was agreed upon to deal with environmental problems, all international economies must be enabled to grow. Without growth, she said, the wealth necessary to pay for the protection of the environment could not be generated. As an example of new discoveries, she quoted a process for making ammonia developed by ICI, which reduced the emissions of nitrogen oxide by 87 per cent, sulphur dioxide by 95 per cent and carbon dioxide by 60 per cent. If this process were to be adopted worldwide, the reduction in pollution would be equivalent to taking 5 million cars off the road. 'It will only be through the new technologies that we can help developing countries to benefit from our experience and avoid our mistakes. They can then achieve their growth with minimum damage to the environment without going through the phase of dark satanic mills.'

Research Results

Commenting in the House of Commons on 23 March on the results of the SWAP and continuing long-term research funded by the Department of the Environment, the Natural Environment Research Council and the CEGB, Mr David Heathcoat-Amory, Parliamentary Under-Secretary of State at the Department of the Environment, said that the SWAP had cast valuable light on the subject of acidification (*Hansard*, Vol 169, No 78, written answers, col 770). He said that the various research programmes had shown that for some upland, sensitive parts of Wales, Scotland, Cumbria, the Midlands, the Pennines and south-west England, as in Scandinavia, there was a direct link between acid deposition, soil and water acidification and effects on flora and fauna. Because of this direct link it was to be expected that there would be a fall in acidification in certain areas following the reduction in sulphur dioxide emissions. The first signs of such a recovery, he continued, had been found in some lochs in the south-west of Scotland. Further improvement was to be expected as a result of the major additional reductions in emissions to which the Government was committed.

Mr Heathcoat-Amory said that an important outcome of the research had been the development of the critical loads concept – the amount of deposition which different soils and waters could sustain without becoming despoiled. This enabled ecosystems to be classified in terms of their sensitivity and was now accepted internationally as a basis for discussing strategies for controlling pollution.

Carbon Dioxide Emissions and Diesel Fumes

The Secretary of State for the Environment, Mr Christopher Patten, put forward a four-point plan to reduce carbon dioxide emissions at the meeting of the European Community's Environment Council in Brussels on 22 March. The plan could reduce carbon dioxide emissions in the Community by more than 100 million tons a year.

Mr Patten called for early action by the Community to improve fuel efficiency in motor cars to reduce carbon dioxide emissions; to change laws which now meant that many lorries on international journeys had to make the return trip unloaded; to repeal a law which limited the use of gas for power generation; and to expose hidden subsidies for energy production and to open up European energy markets.

In putting forward his proposals, Mr Patten underlined the importance of future work on the greenhouse gas effect being based upon the best possible scientific consensus. He said that action in the four areas he had outlined would have more impression on the world than simplistic political formulas; he hoped that the issues would be addressed at Community level. These ideas were welcomed at the meeting and the Commission was invited to undertake further discussion of the issues.

Mr Patten also urged the Commission to make proposals to introduce tighter controls on gaseous emissions from heavy diesels and to set limits for the first time on particulates from these vehicles.

Commenting on these proposals in the House of Commons on the same day, the Minister for Roads and Traffic, Mr Robert Atkins, said that diesel emissions were a significant cause of pollution and loss of amenity (*Hansard*, Vol 169, No 77, written answers, cols 690-1). Oxides of nitrogen could damage plants and crops, while particulates could cause dirty buildings and discomfort to road users. The Government believed, he said, that the Community's long-term aim should be to set a diesel standard, to come into force in the mid-1990s, based as closely as possible on the United States 1994 standard, which was the strictest of all the diesel emission standards being considered worldwide.

Funding the Arts

The Government has announced proposals for changing the structure of arts funding in England. These are designed to combine greater devolution and transfer of responsibility to the regions with more effective accountability through the Arts Council and are to be introduced by April 1993. A new fund to assist public museums and galleries in Britain was announced on 6 March.

CHANGES TO ARTS FUNDING IN ENGLAND

In 1988 the Government commissioned a review of the structure of arts funding[1] in England to consider

[1]For further information see COI reference pamphlet *The Promotion of the Arts in Britain*, No 19/88 and COI reference paper *Business Sponsorship of the Arts in Britain*, No 310/89.

in particular whether a clearer relationship could be devised between central government, the Arts Council (the main channel for government aid to the performing and visual arts in England, Wales and Scotland) and the regional arts associations (the 12 English regional bodies which are responsible for funding some of the local arts bodies and which themselves are funded by the Arts Council and also receive a part of their income from local authorities). The review examined whether a revised system could include some readjustment of funding responsibilities which would encourage greater coherence in the formulation and delivery of policies for funding and developing the arts. Its recommendations were published in the report *Supporting the Arts* in 1989 (for publication details see p 440, 1989).

Minister's Statement

Following his consideration of *Supporting the Arts*, the Minister for the Arts, Mr Richard Luce, announced his decisions on changing the structure of arts funding in England in the House of Commons on 13 March (*Hansard*, Vol 169, No 70, cols 155-70). He said that he wanted to strengthen the strategic role of the Arts Council and he relied on it to formulate a national strategy for the arts and to monitor its operation throughout England, Wales and Scotland. The Council would retain overall responsibility for strategic issues, such as training, education, research, touring, innovation, broadcasting and international affairs, and would continue to fund the national companies and some other organisations.

He had decided that there should be a further shift in grant-giving responsibilities from the Arts Council to the regional arts associations. Such devolution to the associations would be accompanied by greater accountability for the larger sums of public money at their disposal, through a system of forward planning and budgeting under the direction of the Arts Council.

It would be important, said Mr Luce, to have strongly based and well-resourced regional arts associations to deal with their greatly enhanced responsibilities. From 1 April 1991 the number of associations would be reduced from 12 to 10, with the two smallest associations – Merseyside Arts, and Lincolnshire and Humberside Arts – being merged with larger bodies.

The new regional arts associations would become regional arts boards, each with its own chairman, who would ensure that the board, which would have a maximum of 24 members, would represent the range of interests in the arts. In recognition of the important role of local authorities as funders of the arts (providing 15 per cent of the overall resources of the regional arts associations), he had decided that they should have substantial representation on the new regional boards, provided this was less than a majority.

The Arts Council, the Minister continued, should have no more than 20 members and the number of regional representatives should be increased from three to five, to reflect the enhanced role of the regional arts boards. Representatives would cover a cross-section of interests, both in the arts and in the non-arts areas. The Arts Council would also be assisted by a consultative body consisting of the Chairman of the Arts Council, the Chairmen of the Scottish and Welsh Arts Councils and – if he wished – the Chairman of the Northern Ireland Arts Council.

Mr Luce said that the Crafts Council (which advances and encourages the creation and conservation of works of fine craftsmanship, and fosters, promotes and increases public interest in the crafts in England and Wales) would remain an independent body and would explore with the Arts Council ways of achieving closer co-ordination and co-operation to prevent the duplication of effort. The Crafts Council was being invited to reassess its corporate strategy. In addition, more clearly defined roles for the British Film Institute (which promotes the development of film, video and television as an art form) had been set out.

MUSEUMS AND GALLERIES IMPROVEMENT FUND

A new fund to assist public museums and galleries was announced by Mr Luce on 6 March.

The Museums and Galleries Improvement Fund is a joint initiative between the Government and the Wolfson Foundation and Wolfson Family Charitable Trust (private charities supporting scientific and medical research and higher education). It will be available for renovating and improving galleries, focusing on priority work which museums are unable to fund fully from their own resources, and will be open to all national and provincial museums and galleries in Britain.

The Fund will have an annual budget of £4 million, made up of equal contributions from the Wolfson charities and the Government, and will operate for three years, with a possible two-year extension at the end of the period. Applicants will be expected to raise their own funds to set alongside the Fund's contribution. A committee is being set up to establish the arrangements for managing the Fund, to invite applications from museum and gallery directors and to recommend which projects should be supported.

Mr Luce said that he was confident that, with the money from this fund and the £180 million three-year building and maintenance programme planned for 1990-93, Britain's public museums and galleries, both national and local, would be brought into first-class condition by the end of the decade.

Shorter Notes

HOMELESSNESS

The Government has announced the allocation of £112 million to councils in London and the South East to ease the plight of the homeless. This follows the review of the homelessness legislation in England published in November 1989 (see pp 25-7). As part of this review, the Government made available an extra £250 million over two years; it was as a proportion of that total that this allocation was announced on 27 March by the Minister for Housing and Planning, Mr Michael Spicer.

Mr Spicer said that the councils would receive the £112 million in 1990-91; over two-thirds of this – £88 million – would go to London boroughs. He said that the additional resources would assist 92 councils and should make available more than 5,000 lettings, the majority of them in London. Half of the new lettings would be from refurbishing council houses currently empty. He also announced that housing associations were to receive £36 million in 1990-91 from the £250 million package; the exact allocation of this would be announced shortly by the Housing Corporation.

Announcing the allocations to councils, Mr Spicer said that the main aim of the help was to reduce the use of bed-and-breakfast accommodation by councils for families that they had accepted as homeless. The Government had made it clear that support would go to the best, most cost-effective projects and that priority would be given to getting empty council houses back into use. He said that the Government was approving a wide range of ideas, such as the renovation of empty council houses, the provision of new hostels by councils, help from councils to housing associations to buy homes, and cash incentives to council tenants who wanted to buy a home other than the one they were in, thus freeing their council house for re-letting.

Mr Spicer said that the announcement should be seen alongside the new Homelessness Advice Service, which he had also recently announced. He said that this would offer advice to young people, both to deter them from leaving home prematurely and about where they could get help if they experienced problems. He added that the breakdown of family life and marriage had been the major contributory factor to homelessness.

Details of the cash incentive scheme (ranging from £5,000 to £28,000 per household) were given in another announcement on the same day by Mr Christopher Chope, Parliamentary Under-Secretary of State at the Department of the Environment. He approved schemes put forward by 73 councils, allowing them to spend up to £39 million on cash incentives. He said that 53 of these councils would receive £22 million as part of the £112 million extra help announced by Mr Spicer under the homelessness review; the remaining £17 million would be drawn from existing housing budgets. Mr Chope said that many council tenants wanted to buy in the private sector rather than buy the house they were currently in, and that many councils in areas with homelessness pressures were coming to realise that incentive schemes were a cost-effective way to release council houses for re-letting. It was often cheaper than putting homeless families into bed-and-breakfast accommodation.

Sources: Department of the Environment news releases, 27.3.90.

BOOKS AND THE CONSUMER

The Book Marketing Council, a division of the Publishers Association, has published the first year's findings of a three-year survey on the reading and buying of books. The results are for 1989 and are based on between 1,600 and 1,800 interviews.

According to the survey,[1] in 1989 only one in ten households in Britain had fewer than ten books, many had over 500 and the average for all homes was almost 200; two-thirds owned a bible and the same proportion an English dictionary. Over half of the adult population had a ticket for a public library, and more than a quarter visited a library every three to four weeks. Fiction was borrowed slightly more often than non-fiction. Borrowing from friends appeared to appeal more to younger than to older people, the young not generally being heavy buyers of books.

The survey found that on balance people preferred paperback books to hard covers (except for practical reference books). Books were generally seen as good value for money; price was not considered a major deterrent to buying.

Some 56 per cent of respondents said that in the previous four weeks they had read books for general interest or pleasure, while 41 per cent had used them during the same period for reference or information. Female readers who had finished a book in the previous 12 months said that they had spent an average 8·6 hours a week reading, while male readers spent an average 6·7 hours a week. The most popular categories of book were crime stories, 'thrillers' and romance. Around three-quarters of readers reported having read at least one work of non-fiction for pleasure in the last 12 months; in this category puzzle and quiz books predominated. The survey found a strong correlation between the enjoyment of reading as a child and its classification as a favourite activity among adults.

About four in five adults had bought at least one book in the past 12 months; two in five had bought books as presents; and two in five had also bought books for children, often the only books they had bought. Roughly one-third bought no more than five books a year, a third bought between 6 and 16, and a third 16 and over. The last of these groups accounted for almost eight in ten books bought; people in this group tended to be found more in the south than elsewhere, among high earners and primarily in the 25-34 age group.

While most books were bought from traditional retail outlets (including the large multiple retail shops), the survey notes that new outlets, such as garden supplies centres and supermarkets, also attracted the regular buyer. One in five adults bought books by post, and mail order purchases accounted for more than one in ten of all book sales. The main benefits of such a system were seen as value for money and convenience. Impulse buying, it reports, probably accounted for half of all purchases.

Source: Publishers Association news release, 16.2.90.

[1] *Books and the Consumer.* Publishers Association. £75. ISBN 0 853 86195 1.

General

11 Downing Street. HMSO, £2·50. ISBN 0 11 560017 5.

Buckingham Palace. COI, No 90/90.

Economic and Scientific Affairs

Financial Statement and Budget Report 1990-91 (see p 134). HM Treasury. HMSO, £8·50. ISBN 0 10 228690 6.

Supply Estimates 1990-91: Summary and Guide. HM Treasury. Cm 980. HMSO, £8·30. ISBN 0 10 109802 2.

Overseas Work Entrusted to Members during 1989 (see p 143). The Association of Consulting Engineers. Available from the Association, Alliance House, 12 Caxton Street, London SW1H 0QL. £40.

Report of the Chief Inspector on the Work of the Health and Safety Inspectorate for the Years 1987-1988. Department of Economic Development for Northern Ireland. HMSO Belfast, £4·50. ISBN 0 337 09339 3.

Britain's Privatisation Policy. COI, No 245/90.

Department of Trade and Industry: Sale of Government Shareholding in British Steel plc. This report concludes that the Government's objectives in selling British Steel (see pp 111-12, 1988) – to return it to the private sector by August 1989, to maximise net proceeds and to conclude the Government's financial obligations at the date of privatisation – were all realised successfully. National Audit Office. HMSO, £4·20. ISBN 0 10 221090 X.

Evaluation of Regional Enterprise Grants. A Report by Leslie Hays Consultants Limited. Makes an initial evaluation of the investment element of Regional Enterprise Grants in terms of criteria such as efficiency, turnover and employment. Department of Trade and Industry, Scottish Office and Welsh Office. HMSO, £8·95. ISBN 0 11 515236 9.

Regional Selective Assistance 1980-84. An Evaluation by the Department of Trade and Industry, the Industry Department for Scotland and the Welsh Office Industry Department. This report concludes that regional selective assistance during this period resulted in substantial raising of employment in the Assisted Areas. Department of Trade and Industry. HMSO, £13·95. ISBN 0 11 515216 4.

Manufacturing Intelligence. Executive Summaries – Award for the Best Manufacturing Intelligence Application in Britain 1989 (see p 144). Department of Trade and Industry. HMSO, £4·95. ISBN 0 11 515215 6.

Collaboration between Business and Higher Education. Research and Development. Describes agreed objectives to be pursued by business and higher education institutions in research and development initiatives. Includes case studies and sources of help and advice. Department of Trade and Industry and Council for Industry and Higher Education. HMSO, £5·80. ISBN 0 11 514699 7.

At the Farmer's Service. New edition of a reference guide to agricultural legislation and to the services available from the Ministry of Agriculture, Fisheries and Food. Available free from MAFF Publications, London SE99 7TP.

Report of the Committee on the Microbiological Safety of Food. Part 1. Recommendations and Government's Response (see p 147). Department of Health. Available free from DH Store, Health Publications Unit, No 2 Site, Manchester Road, Heywood, Lancashire OL10 2PZ.

The Microbiological Safety of Food. Part 1 (see p 147). Report of the Committee on the Microbiological Safety of Food. Chairman: Sir Mark Richmond. HMSO, £15. ISBN 0 11 321273 9.

Salmonella in Eggs. Response of the Government to the Progress Report from the House of Commons Agriculture Committee, Session 1989-90 (see pp 25-6, 119, 248, 275-6 and 316-19, 1989). Cm 993. HMSO, £1·20. ISBN 0 109932 0.

The Future for the New Forest. A report by the New Forest Review Group. A New Forest Heritage Area Committee will be set up to promote the conservation of the forest's traditional character. Forestry Commission. HMSO, £5. ISBN 0 11 494109 2.

The Work of the Nuclear Installations Inspectorate. Health and Safety Executive. HMSO, £3·50. ISBN 0 11 885473 9.

Renewable Sources of Energy in Britain. COI, No 26/90.

Roads for the Future. First Report of the House of Commons Transport Committee, Session 1989-90. Vol 2. Minutes of Evidence. HMSO, £30. ISBN 0 10 280390 0.
Vol 3. Appendices to the Minutes of Evidence. HMSO, £10·30. ISBN 0 10 283490 3.

Pharmaceuticals in Britain. COI, No 168/90.

British Marine Scientific Research. COI, No 334/90.

Marine Science and Technology in the United Kingdom. A Strategic Framework. Co-ordinating Committee on Marine Science and Technology. HMSO, £14·50. ISBN 0 11 701492 3.

Environmental, Social and Cultural Affairs

Task Forces in Action. Describes the work of the present Task Forces and provides summary statistics for each of them. Available free from the Department of Trade and Industry, 1 Victoria Street, London SW1H 0ET.

A People's Charter. A Countryside Commission discussion of the achievements and effects of the National Parks and Access to the Countryside Act 1949. Edited by John Blunden and Nigel Curry. HMSO, £17·95. ISBN 0 11 701439 7.

The National Trust Movement in Britain. COI, No 209/90.

Digest of Environmental Protection and Water Statistics: No 12, 1989. HMSO, £10·80. ISBN 0 11 752284 8.

Chlorinated Solvent Cleaning: the Impact of Environmental and Regulatory Controls. A report for the Department of Trade and Industry by Coopers & Lybrand Deloitte. HMSO, £19·50. ISBN 0 11 515237 7.

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